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# The CREDIT WORLD

Official Publication of the National Retail Credit Association

*National in Name---International in Scope*

November, 1937 — Vol. XXVI, No. 2

## CANAL STREET—NEW ORLEANS

"America's widest business thoroughfare" is the dividing line between the old city and the new city. From a small French settlement of 1718, New Orleans has become the South's largest city with a population of 500,000. The leading business and financial center of the South, it is the port of the Mississippi Valley to the world and second U. S. seaport, in value of foreign commerce.

The home of the Retail Credit Association of New Orleans, it is also the home of the New Orleans Retailers' Credit Bureau, one of the outstanding credit bureaus of the South.



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**Founded**



**In 1912**

# A New "Pay Promptly" Campaign

Companion to the "Standard" Series

Is Your Credit Record  
Holding  
You  
Back?

## SIX NEW ADS:

"Credit—The Modern Magic Wand"

"Does 'Q. C.' Embarrass You?"

"Your Credit Record Is an Open Book"

"Do Credit Problems Haunt You?"

"Is Your Credit Record Holding you Back?"  
(Shown at right)

"Friends Talk About 'Q. C.' Too!"

Remove the "ball and chain"! Start now and rebuild your credit record by paying promptly.

YOU'VE seen them! Men who gave promise of brilliant careers—men who plodded and strove, year after year—yet failed just short of success!

Held back by the "ball and chain" of a bad credit record—their efficiency impaired by worries about bills—their chances at important positions and business opportunities were blocked by the shadow of "poor credit."

Not because they had planned it that way—but because they hadn't planned the right way!

Would thou heal up  
The avenues of ill?  
Pay every debt as if  
God wrote the bill!  
—Emerson

Today's plans are the realities of tomorrow. Plan now to make your credit a help in life—not a hindrance. Use your credit as a stepping stone to better things—a foundation stone for the future—by building an "O. K." credit reputation now.

Use your credit and pay all bills promptly;  
that makes—and keeps—your credit "O. K.!"



©1937, NATIONAL RETAIL CREDIT ASSOCIATION

PUBLISHER NOTE CAREFULLY: This Space Is for Local Association Signature to be Set by You.

Cut off small brackets at each outside corner of advertisement which are placed there only to indicate exact size of space.

## MATS IN TWO SIZES

These ads come complete, in mats ready to hand to your newspaper, in two sizes. Prices:

8 x 12 in. \$2.00 each  
4 x 6 in. \$1.25 each

Sample advertisement (in 4" x 6" size) shown at left—actual size.

Series may be used as a campaign or in conjunction with our "Standard" series of 12 ads.

If you have used the "Standard" campaign, this new campaign can be used to "follow through." *If you have not* used the "Standard" campaign, you can use both as a continuous newspaper campaign of 18 advertisements.

A new "Portfolio of Pay Promptly Advertising," showing all of the ads of the new campaign, as well as the effective advertisements of the "Standard" campaign, will be sent upon request.

NATIONAL RETAIL CREDIT ASSOCIATION  
1218 OLIVE STREET  
SAINT LOUIS, MO.

# The CREDIT WORLD

(Registered U. S. Patent Office.)

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

November, 1937 Vol. XXVI No. 2

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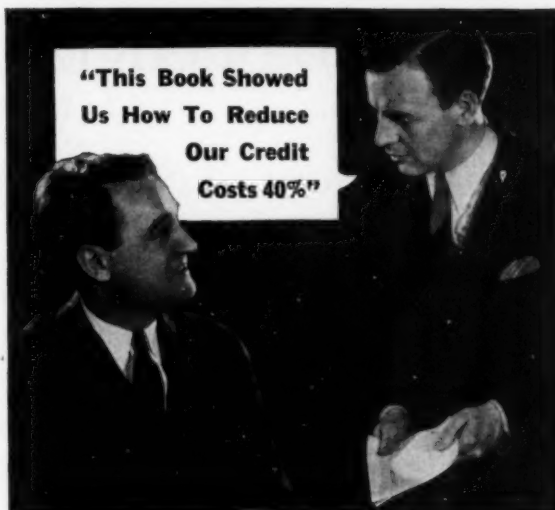
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In all other respects the Association cannot be responsible for the contents thereof or for the statements or opinions of writers.

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## Cut Your Credit Costs With Age Analysis of Charge Accounts

### FREE BOOK TELLS HOW

Here is the first serious attempt to explain how to interpret and fully utilize the data revealed by age analysis in practical credit management. Few retailers, even among those who now age their accounts, realize the many money-saving uses which may be made of such an analysis. In this new book, the well-known authority on credit practices, Dr. Clyde W. Phelps of the University of Chattanooga, tells just how you can cut your credit costs by applying the information revealed by a study of your accounts receivable.

Do you know, for instance, the relation of slowness of accounts to bad debt losses, to extra book-keeping and collection costs, to extra interest costs? What is the proportion of frozen assets in your accounts receivable? How can you take greater advantage of cash discounts? How do slow accounts affect your capital turnover and

profit? How can you measure the actual cost of carrying slow accounts? All these questions are answered in this new book which you may obtain without cost.

Other chapters discuss the use of age analysis in control and in collection work. Finally, there is a chapter showing just how to age charge accounts. This completely describes the aging procedure and tells how to continue the aging on a monthly basis so that you can get maximum benefits from the practice.

### Write for free copy

Household Finance Corporation has published this book to promote better credit methods. A copy will be sent to any retailer or credit manager without obligation. Mail the coupon for your copy now.



## HOUSEHOLD FINANCE

CORPORATION and Subsidiaries

### "Doctor of Family Finances"

... one of America's leading family finance organizations with 228 branches in 148 cities

Household Finance Corporation

Dept. CW-11, 919 N. Michigan Avenue, Chicago, Illinois

Please mail me free copy of "Age Analysis of Charge Accounts". This request places me under no obligation.

Name.....

Address.....

City.....State.....

# EDITORIAL COMMENT

By L. S. CROWDER

## Installment Terms Shortened by Two More Important Cities--Chicago and St. Louis

**F**OLLOWING the passage of the *Installment Terms* resolution at the Spokane Convention, John D. Kemper, President of the Associated Retail Credit Men of Chicago and Credit Manager of Mandel Brothers, called a meeting (in Chicago) for consideration of the subject.

On a visit to Chicago in October, I learned that at a recent meeting of the Chicago Association two resolutions passed at Spokane were unanimously adopted; one pertaining to installment terms and the other to the tendency to liberalize credit terms and particularly the advertising of such terms in the newspapers, and the policy of not requiring a down payment. See page 2, July CREDIT WORLD.

All leading Chicago department stores and one of the utility companies adopted the following terms:

Electric Refrigerators	24 months
Furniture	18 months
Radios	12 months
Washing Machines	12 months
Stoves and Ranges	18 months

A most constructive step was taken by Mandel Brothers in issuing a special notice to all selling departments, which is quoted below:

1. Effective immediately, the advertising of specific terms on Co-Operative accounts will be discontinued. Signs in windows and interior displays mentioning amount of down payments, or credit terms, shall be removed and requests for information concerning the Co-Operative Plan should be referred to the Credit Office.

2. Terms should not be discussed with customers, as the amount of down payment, length of time allowed, etc., shall be dependent upon the requirements of the customer and the circumstances in each individual case. These arrangements shall be made by the customer at the Credit Office.

Subsequent to the Spokane Convention, several of the St. Louis credit managers discussed the advisability of revising installment terms. Sig Wolford, Credit Manager of Stix, Baer & Fuller, was appointed Chairman of the Committee and all members of the Associated Retail Credit Men and Credit Bureau were invited to attend the next meeting.

A series of meetings culminated in the adoption—by eight of the principal retail stores and two utility companies—of a schedule which becomes effective November 8. It is a step forward

in the establishment of uniform installment terms which will probably be adopted by the majority of appliance dealers in the St. Louis area. The schedule provides for the following:

### REFRIGERATORS AND ELECTRIC RANGES

Minimum down payment \$5—on contracts up to \$150; 24 months to pay.

Minimum down payment \$10—on contracts over \$150 to \$200; 24 months to pay.

If minimum down payment 10 per cent—30 months to pay.

Minimum monthly payment, \$5.

Minimum *advertised* monthly payment, \$5.

### GAS STOVES AND RANGES AND GAS HEATERS

If 5 per cent down—24 months to pay.

If 10 per cent down—30 months to pay.

Minimum *advertised* monthly payment, \$4.

### WASHERS AND IRONERS

If minimum down payment 5 per cent, maximum 18 months to pay.

If minimum down payment 10 per cent, maximum 24 months to pay.

Minimum *advertised* monthly payment, \$4.

### RADIOS

Small radios (up to \$60), down payment 5 per cent, minimum down payment \$3—minimum monthly payment \$4. Radios (over \$60), down payment 5 per cent—minimum down payment \$5—minimum monthly payment \$5. Maximum length of contract 24 months. Maximum length of terms to be advertised, 18 months.

### TRADE-INS

In no case will the "trade-in" allowance be permitted to apply on the down payment.

The adoption by the St. Louis stores of the Rules on Advertising which follow will, in my opinion, have a tendency to eliminate competition in terms:

### GENERAL RULES ON ADVERTISING

1. Stores will not advertise, in any way, "No Down Payment" or "No Money Down."

2. No advertising (any kind) of terms longer than the above schedule.

3. No sales to be made without a down payment.

As The CREDIT WORLD goes to press, we learn of other cities that are giving the subject serious thought and it is hoped that many of the Associations will fall into line between now and the first of the year.



# Management Looks at Retail Credit

By MORTON J. MAY

President, May Department Stores Company  
Saint Louis



## As Told to Daniel J. Hannefin

RETAIL credit, as we know it today, has proved itself a real benefactor of humanity. It, more than any other one thing, has raised the standards of living in America—has placed the “luxuries” of a generation ago within the reach of the masses of today.

For today, any citizen with a good credit record—who measures up to the standards of the “three C’s of Credit” (Character, Capacity and Capital)—may enjoy the privilege of a charge account—may make his purchases with the two magic words: “Charge It.”

Deferred payment plans make possible the furnishing of his home as well as the purchase of it. They put the modern labor-saving appliances within the means of the average family.

In like manner, credit has been a boon to retailing. Under proper control, it has proved to be a sales builder of the first order. It has opened a field for more sales and larger unit sales—which mean greater store volume and, in corresponding ratio, reduced operating expenses.

The automobile industry is a shining example of this: In pioneer years, the automobile was a luxury that only the rich could afford. The development of automobile financing, placing the automobile within the reach of practically all income brackets, made mass production possible. With quantity production, lower prices naturally followed.

The modern retail credit department is a *selling department*—the Credit Sales Department—and its Manager a salesman and good-will builder. He it is who meets and interviews the customer—who “ties the customer to the store.”

Retailers look upon him as the “balance-wheel” of business. His is the delicate twofold task of helping to build sales volume, on the one hand, by approving all worthy applicants while protecting the profits of the store, on the other hand, by declining accounts which are apt to prove unprofitable.

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### Editor’s Note:

This is the first of a series of articles—contributed by store heads—dealing with various phases of credit as it affects retailing.

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This is a task demanding tact, diplomacy of the “nth” degree, and the patience of Job. It requires, too, that the Credit Manager be a student of human nature.

Further than that, it implies full use of the sources of up-to-date credit information, including the National

(and local) Retail Credit Association and local credit bureau service.

The credit bureau is able to give not only the past paying record of the applicant but also, in most instances, *his present commitments*. This is a big help to the Credit Manager in arriving at his ultimate decision.

So firmly do we believe the principles outlined above that all May Company stores are supporting *and cooperating* members of their local credit associations and credit bureaus, as well as of the National Retail Credit Association.

Retailers, I believe, should support the efforts of the credit fraternity to standardize credit terms. Competition in service and merchandise is legitimate, healthy competition but there should be no necessity for competition in terms.

When, in an effort to build greater volume, retailers “let down the bars” and grant terms beyond the dictates of sound business judgment, nobody benefits—not even the ultimate customer.

The buying public is not all budget-minded. There is always a tendency to overbuy—especially on highly advertised “easy terms.” The result, too often, is that the customer “overloads” on his credit obligations.

When this happens—when customers mortgage their future earnings too far in advance without the proper margin of safety—they are “skating on thin ice.” Sickness of a prolonged nature, death or loss of employment, bring disaster to the debtor and loss to the creditor.

Ordinary business ethics imply an obligation on the part of retailers to not overload their customers beyond their capacity to pay without financial embarrassment. Good business acumen would suggest that it is poor business to “oversell” customers to swell today’s sales—to the detriment of tomorrow’s sales.

For, there is just so much business to be had in any community. If we, as a whole, “oversell” our customers today and overload them with credit obligations, we are not only making our accounts harder of eventual collection. We are shutting off our potential sales outlets of tomorrow because our customers will be so obligated for today’s sales that their buying power will be curtailed.

Credit should be recognized for what it is:

For the customer it is a convenience, an innovation of modern retailing, which enables the shopper to make purchases without carrying around an overly large sum of money to be assured of having enough cash in her purse to pay for unexpected purchases.

(Continued on page 20.)



# The Modern Trend In Retail Credit Selling

By A. B. BUCKERIDGE\*

Executive Manager, Credit Bureau of Greater New York, Inc.,  
New York City

**D**URING the past two years there has been a growing apprehension on the part of those close to the subject that competition in terms between stores in the business of selling merchandise might cause a situation which would injure the strong credit structure that has played such an important part in the success of this country's business.

The big question to be answered is "What is a safe and sane credit and collection policy?" The attitude of the day is that of a liberal policy in extending credit, but with close collection of accounts.

Credit should be extended today in the same manner as it was prior to the depression. If a man has a job which gives him sufficient income to pay for the amount of merchandise involved, if his home and bank conditions are good, and he has been a fairly good paying customer in the past, he should be given a charge account without any hemming or hawing.

You can't give him credit if he has no job, or skips around from home to home, or if he has no bank account; nor can you give him credit if he has not paid his bills promptly. He doesn't have to have an A No. 1 credit record as a man may have been slow with some stores because they never impressed him with the necessity of prompt payment.

It is better to have a normal loss in bad accounts and a larger volume of business than to have a sub-normal loss and a smaller amount of business. Have a liberal credit policy but counterbalance it with a close collection policy. What is a close collection policy? First, you should have a distinct understanding with every new customer as to your terms.

Out of all the policies that I have heard and read about I like the one of a large New York department store the best. When the account of a new customer has gone three months without being paid in full, it is closed against further purchases until paid. At this point, they have a very distinct understanding with the customer that 90 days is entirely too long. The store finds that new customers, thus checked up, become educated and do not repeat the delinquency in the future. They become acclimated to the fact that 90 days is the deadline. They are told that payment is expected in 30 days although no criminal offense is committed if another 30 days is taken by the customer.

With the average customer, the account is open to purchase until the end of the fourth month, after which it is closed and the above procedure followed. With old and

valued customers, the time allowed before the account is closed will run 5 or 6 months but no longer, not even if the debtor has blue blood and owns polo ponies.

The store doesn't use the words "New," "Regular" and "Valued." They classify them as "Unimportant," "Important" and "Very Important" customers for the 3, 4 and 6 months limits.

In dealing with a customer who is delinquent, always set a definite time when a payment is to be made, no matter how hopeless the condition the debtor is in. If the customer won't set a date, do it for him, even if you have to yell it as he backs out the door. Then you can follow up the claim at that date with much more success. There are too many accounts where a store gives up hope, regards the case as hopeless and, failing to follow up a claim, fails to cash in when the debtor is in a position to pay.

There are two classes of unprofitable customers. One is the genuine deadbeat who didn't intend to pay in the first place. The only way you can eliminate him is through reporting your bad accounts to the Bureau and checking each new account through the Bureau files.

The other customer is the one who is willing to pay and can pay but because of poor judgment overbuys and consequently cannot pay. You must help this customer by setting a limit to his or her purchases and preventing him from overloading. Many stores hesitate to tell nice people that they are buying too much, which is fatal, as such people are so constituted that they must be cautioned for their own good.

What should you do when a customer is in financial straits and comes to you with an offer to settle for so many cents on the dollar? One thing you shouldn't do and that is to accept the first offer. That first offer is merely the overture. Tell the debtor you will think it over which will give you an opportunity to have the Bureau check up and find out what is best.

Where a debtor is in really bad circumstances, it is better to accept a compromise than to charge off the entire debt by having the debtor go through bankruptcy. Just be sure that the compromise is all that the debtor can pay.

The average person, today, always has more bills to pay the first of each month than he has money to pay them with. Some bills have to be held over, and it is a positive fact that the creditor who is most urgent to get his money gets paid first. So, if you have a close collection follow-up, you will get your money while those who don't will tell you how terrible collections are.

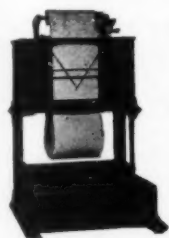
If an applicant has several good accounts and one that is slow, check up to find out whether the delinquency is because of a dispute.

\*Excerpts from an address to the Metropolitan Controllers of New York City, September 22, 1937.

# After Seven Years of Telautograph Service

(SYSTEM SHOWN BELOW)

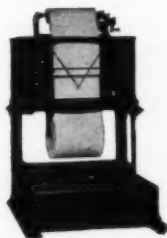
## Connecting Ed. Schuster's 3 Great Stores With the Bureau



6th & Mitchell

*Mr. E. Kant, Credit Manager, wrote to us as follows—*

"As you no doubt know from the article, Telautograph service plays a major part in our credit offices and we are always willing to give credit where credit is due."



30th & Garfield

*Mr. Kant, who is also a Director of the National Association, in an article published in "Credit World," October, 1937, said:*

"If a case cannot be handled from the information on file, a message is immediately written over the Telautograph and an answer is returned in slightly over one minute average time."



12th & Vleith

Photo (right) shows but a part of the Telautograph system at Milwaukee Association of Commerce (Credit Bureau). The service provides reports to 18 business establishments in Milwaukee via their Telautograph system, established in 1929.



Also, two of these big stores have direct Telautograph connections with the billing dept., at the main offices—This is a separate and distinct system from the one shown above.

### 36 Bureaus and 212 Stores Are Now Using This System Yet

With Telautograph Rates Averaging About \$1.00 Per Day Per Store Connected—Some Bureaus and Some Stores Have Not Yet Ordered!

**Remember—Telautographs Require Only ONE Person's Time to Send or Receive Messages—and an Indelible Record Remains!**

*"The Telautograph . . . affords us the opportunity of having the desired information conveyed from the central records in a minimum of time."* FROM CREDIT WORLD—OCTOBER, 1937.

**WE HAVE 45 BRANCH OFFICES AT YOUR SERVICE!!**

**DEPENDABILITY**

**ECONOMY**

**SERVICE**

## TELAUTOGRAPH CORPORATION

FACTORY AND GENERAL OFFICES:

16 WEST SIXTY-FIRST ST., NEW YORK, N. Y.

NOVEMBER, 1937



One development is the pooling-plan arrangement whereby stores refer to the Bureau individuals who owe so many creditors that they are dizzy trying to contact all of them at the same time to explain why they haven't been able to pay anybody. The Bureau finds out how much the individuals owe, how much they need for food, shelter and clothing and the balance is paid to the Bureau, and as sufficient funds accumulate, they are pro-rated among the creditors, according to the respective amounts owing to the total involved.

In this way a great many individuals who are honest and wish to pay are relieved of the pressure from each separate store, can work with a clear conscience and, when they are paid up, their credit records are restored.

While I previously made the statement that you should have a liberal credit policy, and that you can afford to take a chance, may I amplify the statement by stating that you must at all times have the proper credit information. Without all the necessary data, it becomes a gamble. If you want to gamble, do it with dice as you will be far better off than to gamble by opening charge accounts with no (or inadequate) credit information.

The question of installment terms is of paramount importance. It is fatal for merchants to compete in terms. They should confine competition to quality and service, both of which depend on their efficiency. But, anybody can institute terms that are unsound. Low (or no) down payments, and too many months to pay, cause a flood of applicants who cannot or will not pay, and while a merchant may get volume, he loses in the end. The credit men in like lines, by which I mean those selling the same type of merchandise, should get together everywhere and agree as to the lowest terms which can be extended safely.

When merchants throw experience aside and gamble with too-low down payments, they are merely in business for their health, which is soon impaired when they have to borrow additional capital to continue, and their health is ruined entirely when they check up on the uncollectible accounts. Believe it or not, but the law of credits shows that the lower the down payment, the higher the credit losses and the higher the down payment, the smaller the losses.

You form the habits of installment customers during the first two or three months. Let them miss one payment without calling their attention to the delinquency and they will become careless and miss other payments just as surely as the law of gravitation pulls objects back to earth. Let a customer get away with a \$5.00 payment when the contract calls for \$10.00, and you can bank on the contract being extended for an endless period.

When a payment is missed, be on the front doorstep with the milkman, even if your collector has to call on his way home from lodge! If a debtor sends only a part payment, let him know distinctly what the balance is in default so he will make it up on the next payment.

The only way to avoid uncollectible accounts is to secure a report on every new customer. Turn down those individuals who did not pay others. And, when you find that an account is hopeless, immediately notify the Bureau so that your fellow merchants will be able to avoid the same experience.

The average economist can be right nine times out of ten and gain a wonderful reputation for forecasting com-

ing events. But the credit man loses his job if he guesses wrong once out of ten times. Such a bad showing would put his firm out of business.

As a general rule, about 90 accounts out of 100 applications are accepted. In other words, if you didn't check up on new customers at all, 90 per cent would pay. You wouldn't receive any credit for that showing as it would go to the law of averages. If people found out that you were extending credit without investigation, every Tom, Dick and Harry within reach of your store would immediately come in for the kill. You would have a complete list of every deadbeat and "slow pay" in four counties on your books and the big, bad wolf would be sitting on your doorstep with a sly grin on his wicked face.

You don't have to advertise the fact that you have a poor credit or collection policy. The people find it out. The trouble with most stores, which are in a bad way, is that their collection and credit methods attract the type of people who are "financial headaches."

Now, if 90 per cent of the people will pay anyway, then all of the credit bureaus are for the purpose of supplying the low-down on the other 10 per cent. It is through the credit bureau and good common sense that you become right in more than 99 times out of 100.

When the Bureau doesn't have any information in file, it can secure it just as well as anyone else. I make this statement because in many cities, the urge for the reduction of costs has caused some stores to get reports from other than credit bureaus.

It is true that an agency which does not have any files can give a simple report at a low charge, but the information is worth just what you pay for it. The data are merely the verification of facts, because in only a small percentage of cases does the investigator develop derogatory information. From my experience, the vast majority of cases where you decline accounts results from information which the Bureau has in its files or which is unearthed because of "leads" in the files.

These data are your main protection against losses. It is the cost of assembling and maintaining those files that you pay for. That type of information costs money but the extra amount you pay saves you from countless unprofitable accounts. Without that file information, you might as well pass your credits by tossing a coin.

The value of the information in the Bureau files depends on outside sources to a certain extent, such as suits, judgments, newspaper clippings, and so forth. Statistics show that individuals who owe other stores and are approved for credit at new stores, charge twice as much merchandise and cause twice as heavy losses as people who pay promptly. In other words, when an individual who has neither the willingness nor the ability to pay gets a chance, he takes advantage of it.

Another fact is the one which shows that non-users of Bureaus have TWICE as much loss as those who belong to a credit bureau, and use credit service. This fact is shown by the various surveys of bankruptcies. The man who doesn't have enough judgment to use credit reports is not up-to-date in other ways, either, so his chances for success are greatly limited.

Some stores place too much attention on the value of bank information. A bank reference is generally no indication as to whether an account will be paid. It is merely one small part of the picture. The average bank em-



ployee who clears references does not know the real conditions of the depositor. An officer of the bank is the one who can give you the real low-down but he is too busy with other duties to spend his time in clearing references. He is available only in special cases. And furthermore, a bank operates in such a confidential capacity with its customers, that derogatory information cannot be given out promiscuously.

A few years ago, I made a test to determine whether bank references could be considered as a major factor in passing credits. I wrote to 100 banks on customers whom our records showed to be decidedly poor credit risks. In over 90 per cent of the replies, the information was favorable.

In several cities members of the Credit Associations are going to the high schools and colleges, giving talks on the value of good credit in order to build a better understanding of credit.

The period of liberal credit has caused a number of cash stores to change their policy and advertise deferred payment plans. They may be doing this for protection, but in case credit competition becomes aggravated, there is no way of knowing how far the pendulum will swing.

Collection percentages today are high. We are experiencing a wave of prompt payments that has about reached its peak. For the past several months, there has been an indication that the consistent increases that have brought such favorable results for several years may not be maintained much longer. I expect collection percentages will level off and will be up one month and down the next. They will still maintain a high level until a falling off in business, war scare, higher taxes, the overextension of credit or other causes tighten up the pocketbooks of the charge brigade.

Bad debt losses are unusually low at the present time because of the vigilance of the credit managers and their cooperation through the credit bureaus in eliminating bad accounts and last, but not least, the blessings of the period which enable debtors to pay their bills promptly. But as the calm comes before the storm, so may the present status of high collection percentages and low collection losses mislead us into thinking that such a state of affairs will continue forever.

I say mislead us, for we may think that as the present customers are paying promptly, we can greatly enlarge credit business. If we do, by lowering down payments and lengthening terms, we may oversell the present good risks or take on a type which is not capable of paying promptly. Combine either of these features with a period of trouble and the credit structure will be in dangerous water.

Most of the new types of charge accounts are strictly safe and sane. I refer to those where the sum involved is small and the classification is more correctly a Junior Installment Account. In this type of account, experience has shown that soft goods can be sold on the partial payment plan. The success of this plan is in the careful selection of the credit risks, a thorough understanding as to terms and most of all the close collection follow-up whereby the customer is immediately contacted as soon as a payment is missed.

Payments of the 30, 60 and 90 day accounts are often made as promptly as the 30 day accounts and in some cases better, showing that the open-account customers know they can pay in 60 or 90 days without having their

credit affected. In the Junior Installment accounts—where down payment is secured, which gives the customer an equity to protect, and the terms run from four to five months, and a carrying charge is collected—where the accounts are followed-up promptly, they result in very profitable business and have been very successful.

Then, too, a lot of installment credit is based on the store still owning the merchandise which it can repossess. But in case of a declining market what salvage is there in a warehouse full of repossessed merchandise when your competitors are faced with the same situation?

Los Angeles is staging an unusual advertising campaign through its Retail Merchants Credit Association. Briefly stated, the four-fold purpose of the campaign is:

1. To establish the use of credit as a desirable, normal daily action, as a standard measure of individual financial and social standing.
2. To elevate in the minds of the sound middle class of purchasers, the use of term-payment-buying from the merchants truly representative of the community; also to encourage the practice of buying on charge accounts.
3. To identify the responsible merchants and banking and professional interests of Los Angeles with proper credit practices.
4. To create a wider general recognition of the value of maintaining personal credit on a sound basis by the prompt meeting of all obligations.

In their first advertisement, they pledge on behalf of their members as follows:

- to give you (the public) sound advice;
- to make the wise use of your credit desirable and convenient;
- to protect you from unwise overextension of your credit;
- to bring within your reach the articles you need to make living immediately more satisfactory, within your means;
- to protect you from over-costly credit arrangements;
- to give you the benefit of experienced consultants in arranging your credit purchasing;
- to maintain individual credit on the high social plane it deserves and to make it a constructive factor in raising the living standards of the community.

To sum up the modern trend in retail credit selling, I would say that in order to maintain a normal and healthy balance we must:

First: Sell merchandise, not terms.

Second: Not compete in terms.

And, in conclusion: Sell on any plan you want, but select your risks. Get a down payment sufficient to bind the sale. Have an understanding as to terms. Follow up collections promptly. Don't oversell. Don't sell to under-weights, and don't let the terms extend so far that they have to be carried to fulfillment by the next generation.

### "Breakfast Crumbs"

We compliment the Credit Women's Breakfast Club of Newark, N. J., on the *first* issue of its official bulletin, "Breakfast Crumbs," a copy of which was sent to us by Mary Capettini, the Club's Secretary.

We are indebted to "Crumbs" for the little joke published on page 30 of this issue.



# "Borderline" Accounts-- How to Handle Them

By ARTHUR J. MURPHY

Credit Manager, Wisconsin Public Service Corporation, Sheboygan, Wis.

**T**O SELL or not to sell, that is the question. It is a question with which every credit man is confronted when he is dealing with a Borderline Account.

While this type of account gives us much grief and worry, it has been a very important factor in the development of credit exchange, effective collection systems and, last but not least, has kept credit sales at a maximum.

Borderline accounts consist of customers who have reasonable but limited ability to pay and are divided into two classes: First, the slow pay account with whom you have had experience and who perhaps is owing you a substantial balance at the time he asks for more credit. Second, the new account on which you have received some rather unfavorable reports.

Credit men, therefore, have been compelled to make extensive credit investigations with credit bureaus and with personal references before accepting these risks. They have also found it necessary to establish a very definite and decisive collection system.

I mention maximum sales because it is my honest opinion, from experiences I have had, that most of these accounts are accepted rather than refused and, when accepted, invariably turn out to be rather large buyers.

This Borderline Customer is not a bad customer and has perhaps fallen into this class because of one of a number of reasons. The depression is one of the main reasons. Many people, during the past few years, have developed what we might call a "depression complex." By that I mean, they do not feel it necessary to exert themselves to liquidate their just obligations.

Overbuying is another reason. Purchases of some customers must be curtailed for they do not know their own ability to pay. Another is the failure of the credit department to publicize and emphasize credit terms, and still another is the failure of the credit manager to promptly suspend the consistently slow account.

Were we to attempt to eliminate this type of account, by a strict refusal policy, we would lose an enormous number of good sales, but on the other hand if a liberal policy of accepting any risk without discretion were adopted, it would invariably result in a large bad debt loss. A policy, then, which will keep at a minimum bad debt losses and still secure the maximum number of sales is the one which would seem the most feasible.

By cooperation and concentrated effort on the part of all credit men, I am of the opinion that this type of customer can be converted into a profitable and reasonably prompt paying customer and, in an effort to put forth something concrete, I have set up five principles which, if followed, should help accomplish this end:

1. Thorough investigation of new applicant before accepting.
2. Definite understanding of your credit terms.
3. Earmarking the ledger sheets of all doubtful accounts accepted.
4. Prompt follow-up at first sign of delinquency.
5. Prompt suspension of slow-pay accounts.

These principles apply primarily to new customers although some of them may be applied to the old customer whom you perhaps have given another chance.

Referring to the first principle, you cannot secure too much information on a new customer and, of course, any additional information you get on an old one is always beneficial. Thorough investigation of a new applicant will always result in the execution of better judgment.

The three C's of credit, namely, Character, Capacity and Capital, must be considered and although for many years *Character* has been first, I am inclined to favor replacing it with *Capacity* or *Ability to Pay*. Many of us have found in the past few years that although a man had a good character, he was not a good credit risk because he had no ability to pay.

The income which the customer has, therefore, should be a big factor in deciding whether or not you should accept or reject the risk. A W.P.A. worker, for instance, with an income of \$48.00 per month is seldom a good risk. Unless he has additional help from relatives or some like source, he can hardly be accepted or even considered in the "Borderline" class.

If the information secured is sufficiently good to allow you to take a chance on this customer, the following four principles may be considered as measures of protection against losses and also as aids to help convert this customer.

The second principle, "Definite Understanding of Credit Terms," is one on which most of us do not place enough importance. This new Borderline account should be accepted on a trial basis and, therefore, every precaution should be taken to get him off to a good start.

He should not only be told what your terms are but should be made to agree to them. A limit should be placed on the amount of credit to which he is entitled. This makes it much easier to bring pressure in collection or, if necessary, to temporarily suspend the account.

The old, slow-pay customer with whom you have had experience can be dealt with in a little different manner. He knows that he has been lax, has not lived up to your terms and is not liable to become hurt if he is told about it.

If he can show you that he intends to do better and will agree to definitely reduce the old account, you can perhaps sell him on a limited-purchase plan and place him on probation. If his record is such that you do not wish to take further risk without security, the wage as-

signment in most cases can be used to advantage. On arrangements of this kind we seldom find it necessary to enforce the agreement.

Most of you have some type of letter of thanks for a new charge customer or for a customer who has purchased merchandise on the time payment plan. In this letter you have an excellent opportunity to again publicize your terms. At the bottom of this page is a letter which we send to all Borderline customers purchasing appliances on contract.

The third principle in converting the Borderline account is "Earmarking the Ledger Sheet." At the time it is decided to sell this customer some indication should be made on the sales ticket which will inform the bookkeeper of the risk involved. The account should then be marked in the ledger for the credit and collection clerk.

Because we have a stub ledger, we use a tab. This indicates to the clerk that a prompt follow-up on collection is necessary. When doing collection work on this account, the clerk can bring the delinquency to the attention of the credit manager immediately and he will know that definite steps for collection are necessary at once.

The fourth principle, or the first in collection effort, "Prompt Follow-Up at First Sign of Delinquency," is extremely important. A definite, decisive and stern collection policy should be adopted in dealing with this type of customer. To start out, I suggest a carefully worded memo mailed about five days after the due date. This notice should mention the terms of the sale, whether it be a 30-day account or a divided-payment account, and politely ask for remittance. If no response is forthcoming in a reasonable length of time, say ten days or two weeks, it should be followed with a letter again reminding him of your terms and asking him to get in touch with you immediately if it is impossible for him to pay.

Should this effort result in no success, I favor having a representative call to find out the reason for nonpayment. Many things enter into the action which should then follow. You may want to suspend further purchases at once, repossess the article or make definite arrangements for an extension of time.

Each case will have to be decided on the information secured by the representa-

tive. Promises accepted, of course, should be followed with the same preciseness that was suggested on the first collection action. If reasonable time extended, based on individual cases, does not bring payment, you should not hesitate to terminate the account.

This brings us to the last principle, "Prompt Suspension of Slow Pay Accounts."

It must be remembered, of course, that we are dealing with a customer whom we had an idea might be slow and, therefore, prompt, decisive action on the part of the credit man is going to result in much better success. If you have a contract account on which this customer has neglected to pay, say, two months' installments and can give you no legitimate reason, take steps to repossess the appliance.

If he sees that you mean what you say, you will perhaps eliminate any further trouble on the account. If you allow him to become delinquent four, five or six installments, you will have trouble with him until the account is paid.

(Continued on page 27.)

## WISCONSIN PUBLIC SERVICE CORPORATION



SHEBOYGAN, WISCONSIN  
October 18, 1937

Mr. John Doe  
1900 South 17th Street  
Sheboygan, Wisconsin

Dear Sir:

We wish to thank you for your recent purchase of one # \_\_\_\_\_ gas range. We are sure that the satisfaction rendered by this appliance will more than prove the wisdom of your selection.

According to the terms of your contract, you desire to pay for this appliance in 24 monthly installments of \$4.24 each. Prompt payment of these installments will build for you an enviable credit record and we sincerely hope that nothing will occur that will make it impossible for you to meet them.

Yours very truly,

WISCONSIN PUBLIC SERVICE CORPORATION

Credit Department

AJM/LC





# The Barometer of Retail Business

## Credit Sales and Collection Trends

September, 1937  
versus  
September, 1936

Compiled by Research Division  
National Retail Credit Association  
Arthur H. Hert, Research Director

**C**OLLECTIONS increased 1.5 per cent during September as compared with September, 1936. Credit sales, however, increased 4.8 per cent while total sales increased 6.7 per cent. These increases were attributed to (1) general business improvement; (2) bet-

tainty regarding fall and winter business is now apparent. . . . Operating of factories on part time also affected collections and credit sales in *Lewiston, Me.* . . . Collections, credit and total sales remained unchanged in *Worcester, Mass.* . . . The mills operating on only a three-day schedule resulted in a decrease of 5.0 per cent in collections and credit sales while total sales decreased 10.0 per cent in *Manchester, N. H.*

Collections, credit and total sales were reported good in *Pittsburgh, Pa.* . . . Collections in *Utica, N. Y.*, were slow with a decrease of 2.0 per cent while credit sales remained unchanged. . . . The region surrounding *Uniontown, Pa.*, is feeling the effects of labor trouble. Three

### HIGH-LIGHTS—CREDIT SALES

- 52 Cities reported increases.
- 4.8% Was the average increase for all cities.
- 23.8% Was the greatest increase (*Detroit, Mich.*).
- 4 Cities reported no change.
- 7 Cities reported decreases.
- 15.0% Was the greatest decrease (*Aberdeen, Wash.*).

### HIGH-LIGHTS—COLLECTIONS

- 41 Cities reported increases.
- 1.5% Was the average increase for all cities.
- 20.0% Was the greatest increase (*Amarillo, Tex.*).
- 4 Cities reported no change.
- 18 Cities reported decreases.
- 20.0% Was the greatest decrease (*Las Cruces, N. M.*).

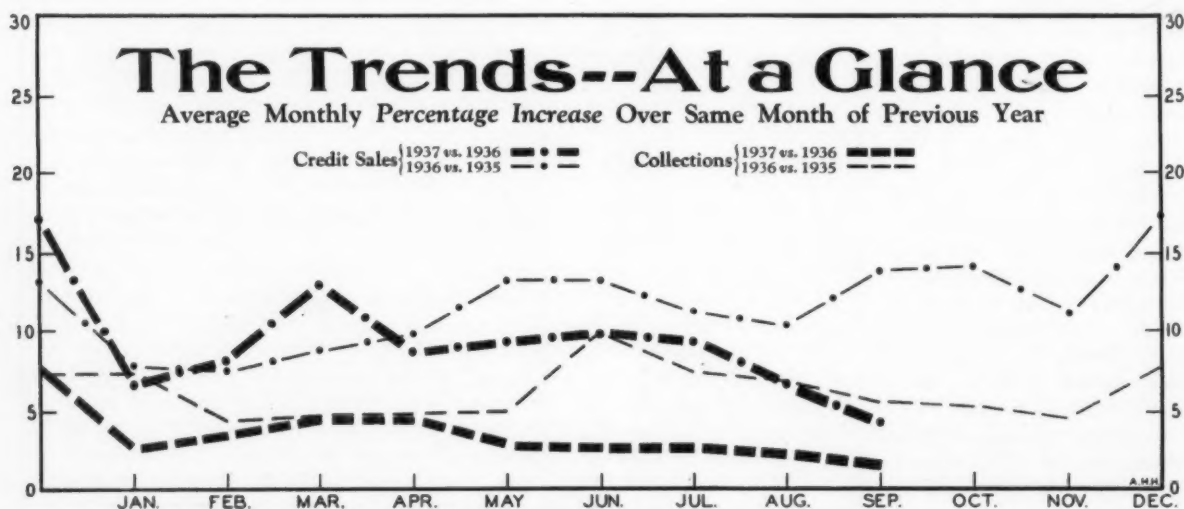
ter crop conditions; and (3) increase in employment. The decreases were the result of (1) factories working part time; (2) labor trouble; and (3) low prices for cotton.

Sixty-three cities representing 21,859 retail stores, are included in this compilation.

Collections were off 10.0 per cent in *Augusta, Me.*, while credit and total sales were off 5.0 per cent respectively. Following Labor Day, several mills closed, reopening again on only part time which caused a decrease in wages among mill workers and shoe operatives. Increases in prices of foodstuffs and necessities were also contributing factors in the decrease in collections. Uncer-

large mines have been closed since last July due to strikes.

Collections, credit and total sales remained unchanged in *Clarksburg, W. Va.* The labor situation seems to worry retail business more than anything else. . . . Collections increased 5.0 per cent in *Fort Lauderdale, Fla.* There was a marked tendency for people to stretch their credit by making new obligations and letting old obligations drag. Considerable rain during September reduced





the principal pay roll which is to painters, carpenters, and others who work on construction. Building of homes and apartments is still very active; considerably more people have settled in Fort Lauderdale and more business concerns established there than last year.

Jacksonville, Fla., reported an increase of 10.0 per cent in collections and an increase of 15.0 per cent in credit and total sales respectively due to improved business conditions. . . . Jackson, Miss., reported their collections slow with a decrease of 5.0 per cent. There is considerable uncertainty over the cotton crop. . . . Collections remained unchanged while credit sales increased 5.0 per cent in St. Louis, Mo.

General business improvement resulted in an increase of 17.3 per cent in total sales in Decatur, Ill. . . . Collections in Bay City, Mich., decreased 1.0 per cent below September, 1936, due to inventories being taken in local factories. At the same time, tax payments were due during September. Merchants, however, are optimistic for fall business. . . . Detroit, Mich., reported the largest increase in credit and total sales of any of the cities included in this report. . . . Collections decreased 12.0 per cent while credit sales decreased 3.0 per cent in Mount Clemens, Mich., owing to a decrease in employment. . . . Collections increased 9.4 per cent in Dayton, Ohio, while credit sales increased 19.5 per cent. Pay rolls increased

almost one-third for the period ending August 30, 1937. . . . Toledo, Ohio, reported an increase of 8.0 per cent in collections and an increase of 10.0 per cent in credit sales. Sioux City, Ia., reported the outlook for fall business much brighter due to good crop conditions. . . . Credit

#### HIGH-LIGHTS—TOTAL SALES

- 55 Cities reported increases.
- 6.7% Was the average increase for all cities.
- 22.5% Was the greatest increase (Detroit, Mich.).
- 3 Cities reported no change.
- 5 Cities reported decreases.
- 10.0% Was the greatest decrease (Manchester, N. H.).

sales in Cedar Rapids, Ia., increased 15.0 per cent while collections in Omaha, Neb., were off 3.0 per cent.

Low prices for cotton resulted in a decrease of 20.0 per cent in collections and a decrease of 10.0 per cent in credit sales in Las Cruces, N. M. . . . Credit sales increased 19.8 per cent in Tulsa, Okla., while collections increased 4.2 per cent. . . . An increase in employment resulted in

(Continued on page 20.)

### Comparative Reports -- By Cities -- September, 1937, vs. September, 1936 [Sixty-three cities -- representing 21,859 retail stores -- reporting]

District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease
1. Augusta, Me.	Slow	-10.0	Slow	- 5.0
Lewiston, Me.	Slow	- . . .	Slow	- . . .
Worcester, Mass.	Fair	No chg.	Fair	No chg.
Manchester, N. H.	Slow	- 5.0	Slow	- 5.0
Providence, R. I.	Fair	+ 0.5	Fair	+ 8.0
Average	Slow	- 3.6	Slow	- 0.5
2. New York City	Fair	- 0.1	Fair	+ . . .
Syracuse, N. Y.	Good	+ 1.0	Good	+ . . .
Utica, N. Y.	Slow	- 2.0	Slow	No chg.
Erie, Pa.	Good	+ 6.0	Good	+12.2
Pittsburgh, Pa.	Good	+ 8.0	Good	+ 7.0
Reading, Pa.	Good	No chg.	Good	+ . . .
Uniontown, Pa.	Fair	+ 4.0	Fair	+ 6.0
Average	Good	+ 2.4	Good	+ 6.3
3. Charleston, W. Va.	Fair	+ 1.2	Good	+10.4
Clarksburg, W. Va.	Fair	No chg.	Fair	No chg.
Average	Fair	+ 0.6	Good	+ 5.2
4. Fort Lauderdale, Fla.	Fair	+ 5.0	Good	+ 9.5
Jacksonville, Fla.	Good	+10.0	Good	+15.0
Jackson, Miss.	Slow	- 5.0	Fair	+ 0.1
Average	Fair	+ 3.3	Good	+ 8.2
5. St. Louis, Mo.	Good	No chg.	Good	+ 5.0
6. Decatur, Ill.	Good	+ 5.0	Good	+ . . .
Joliet, Ill.	Fair	+ . . .	Good	+ . . .
Bay City, Mich.	Fair	No chg.	Fair	+ . . .
Detroit, Mich.	Fair	+ 5.3	Good	+23.8
Grand Rapids, Mich.	Good	+ 1.0	Good	+10.0
Mount Clemens, Mich.	Slow	-12.0	Fair	- 3.0
Cincinnati, Ohio	Good	+ 6.1	Good	+19.9
Cleveland, Ohio	Good	+ 0.7	Good	+ . . .
Columbus, Ohio	Good	+ 1.4	Good	+ . . .
Dayton, Ohio	Good	+ 9.4	Good	+19.5
Toledo, Ohio	Good	+ 8.0	Good	+10.0
Milwaukee, Wis.	Good	+ 1.4	Good	+ . . .
Average	Good	+ 2.4	Good	+13.3
7. Cedar Rapids, Ia.	Slow	+ 1.7	Good	+15.0
Davenport, Ia.	Good	+ 1.8	Good	+ . . .
Des Moines, Ia.	Good	+ 0.7	Good	+ . . .
Sioux City, Ia.	Fair	+ 1.5	Good	+ 4.0
Duluth, Minn.	Good	+ 2.7	Good	+ . . .
Minneapolis, Minn.	Fair	No chg.	Fair	+ 9.0
St. Paul, Minn.	Good	- 0.1	Good	+ . . .
Omaha, Neb.	Slow	- 3.0	Fair	+ . . .
Average	Good	+ 0.8	Good	+ 9.5
8. Las Cruces, N. M.	Slow	-20.0	Fair	-10.0
Tulsa, Okla.	Good	+ 4.2	Good	+19.8
Amarillo, Tex.	Good	+ 3.2	Good	+ 1.6
Amarillo, Tex.	Good	+20.0	Good	+14.0
Austin, Tex.	Good	+ 3.5	Good	No chg.
Dallas, Tex.	Good	+ 0.8	Good	+ 2.3
Fort Worth, Tex.	Good	+ 1.5	Good	+ 1.7
Galveston, Tex.	Good	+ 7.0	Good	+ 3.2
Houston, Tex.	Fair	- 0.7	Good	+ 1.6
San Antonio, Tex.	Good	+ 0.8	Good	+ 0.6
Tyler, Tex.	Good	+ 1.5	Good	+ 1.7
Waco, Tex.	Good	+ 2.6	Good	+ 0.5
Average	Good	+ 2.0	Good	+ 3.1
9. Salt Lake City, Utah	Good	+ 0.8	Good	+ 4.0
Casper, Wyo.	Good	+ 7.4	Good	+ . . .
Cheyenne, Wyo.	Fair	+ 5.0	Slow	- 2.0
Torrington, Wyo.	Good	+ 5.0	Good	+ 5.0
Average	Good	+ 4.5	Good	+ 2.3
10. Portland, Ore.	Good	- 2.3	Good	+ . . .
Aberdeen, Wash.	Fair	-10.0	Fair	-15.0
Spokane, Wash.	Fair	- 4.3	Good	+ . . .
Vancouver, Wash.	Fair	+ 5.0	Slow	+ 2.0
Average	Fair	- 2.9	Fair	- 6.5
11. San Francisco and Oakland, Calif.	Fair	- 1.5	Good	+ 2.0
Santa Barbara, Calif.	Fair	- 1.0	Fair	+ 2.0
Average	Fair	- 1.2	Fair	+ 2.0
12. Vancouver, B. C.	Fair	- 1.3	Good	+ . . .
Victoria, B. C.	Good	+ 5.0	Good	+ 2.0
London, Ont.	Good	+12.0	Good	+ 8.0
Average	Good	+ 5.2	Good	+ 5.0

# CREDIT DEPARTMENT LETTERS

By DANIEL J. HANNEFIN

**T**HIS month the "Credit Department Letters" Page was almost crowded out by other items. However, we have on the next page a notable gathering of letters from all points of the compass.

The David Spencer letter in *Figure 1* was sent in by Mr. O. M. Prentice, Credit Manager, who says that he has used it quite successfully as a first follow-up on monthly charge accounts.

He also adds: "I think your section in *The CREDIT WORLD*—Credit Department Letters—is a very valuable part of the magazine and each month I enjoy reading it very much."

*Figure 2* is a letter from the *other side of the world*—from the Myer Emporium, Ltd., of Melbourne, Australia.

"We do not keep a check on all of our letters," writes Mr. A. H. Tolley, Director, "but we do get excellent results from personal requests signed by a director or the credit manager though we do not send such unless the accounts are rather overdue."

"This letter we regard as effective, in that it sets out the situation in a reasonable manner,

stresses terms, is supported by an analysis of the monthly totals, and makes a definite request for settlement. In closing, may I just add that *The CREDIT WORLD* is much appreciated 'on this side' and the staffs of both the Credit and Collection Sections look forward to each issue."

The Pfeifer letter (*Figure 3*) was sent in by H. B. Dalton, Assistant Credit Manager, who writes: "This has obtained such excellent results for our firm that I feel rather selfish in keeping it a secret."

The Killgore letter (*Figure 4*) is a selling letter sent to contract customers whose accounts were nearly paid out. "As a result of this letter," wrote J. B. Gaines, Credit Manager, "we sold better than \$700 worth of merchandise that we knew about. This only covered those customers who brought the letters in."

## Send in Your Letters

Again we make this request: If you have a good letter, send it in. Some other member may find in it just the right solution to some letter problem. We are especially anxious to secure letters from members in *different* lines of business.

## Dixie Credit Women To Meet at Nashville

The Dixie Council of Credit Women's Breakfast Clubs will hold their annual meeting concurrently with the Annual Conference of the Third and Fourth Districts of the National Retail Credit Association in Nashville, Tenn., February 13, 14, 15 and 16, 1938.

Likewise, the credit bureau managers and collection department managers of the Associated Credit Bureaus of America in the states covered by these two districts, will also hold their conference in Nashville on the same dates, in conjunction with the Third and Fourth Districts' combination meeting.

\* \* \*

The National Office has a limited supply of the souvenir letter openers presented to delegates at the Spokane convention. These are souvenirs of the Silver Jubilee Convention and any member desiring one may secure it for 50 cents. *Or we will give one free to every member who sends in one new National member.*

## Seattle Association Holds First Fall Meeting

"The Seattle Association," writes D. H. Davis, Credit Manager of the Diesel Oil Sales Co., Seattle, "under its new president, Frank Osen, held its first fall meeting recently and a record attendance was enjoyed."

"We have now organized the association into groups, each group having its chairman, and at the meeting we have our own immediate problems 'aired' and, of course, each person there is interested. The new idea, we hope, will prove very interesting."

"We are making a very aggressive campaign to double our membership and, with plenty of publicity, we hope to do this soon. The Executive Committee will meet periodically and discuss ways and means to improve our meetings and make them more interesting."

"The new officers are all working hard and soon there will be a contest announced—the winners to be those with the largest number of new members to their credit."

## Credit . . . Collection Managers

Promote Credit Sales

Build Customer Good Will

Improve Collections

Speed Up Collection  
Methods

Eliminate Clerical Detail

Cut Costs  
From 18% to 50%

Facts, Figures and Full Details  
will be mailed to you upon re-  
quest. NO OBLIGATION.

The POSTAGRAPH CO.  
Baltimore, Maryland

# DAVID SPENCER, LIMITED

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VANCOUVER, B.C.  
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LONDON OFFICE:  
127 REGENT ST., LONDON, W.1.  
ENGLAND

MERCHANTS AND MANUFACTURERS  
HOME FURNISHERS  
DRY GOODS AND PROVISION DEALERS

CREDIT OFFICE

MEMBER F.I.C.  
TELEPHONE: 2-4141

VICTORIA, October 20, 1937.  
Vancouver, B.C.

①

Dear

Re Coin Account . . . . .

We appreciate serving you through your account, which we trust adds to your convenience in the business with which you favor us.

The arrangement on these accounts is that each month's purchases will be paid in full each following month--by the 10th.

We thank you for the opportunity of serving you and ask your co-operation in assisting us by making payment as agreed.

Yours very truly,  
DAVID SPENCER LTD.,

Balance

Manager,  
Credit Sales Dept.

OMP/EL.

*Silver Anniversary*  
CELEBRATING A QUARTER CENTURY OF SERVICE

THE MYER EMPORIUM LTD.  
MELBOURNE  
VI

②

We take the opportunity of referring to the account analysis enclosed, relying on your appreciation of the principle that, as purchases are made, so should they be met with payment, in accordance with the terms laid down.

You will perceive that the present balance of £ , in extending from so much out of line with monthly settlements that it is reasonable for us to expect an immediate adjustment.

This is one of several requests for co-operation, so will you kindly arrange for payment forthwith?

Yours faithfully,  
THE MYER EMPORIUM LTD.

Accounts Section,

# Killgore

FURNITURE COMPANY

PHONE 1-727 • BIRMINGHAM, ALA. • MAIL THREE TIMES A WEEK

May 27, 1937

③

Dear Sir:

There are certain things which we all have to do in the performance of our duties which are distasteful to us. We are facing just such an instance with reference to your account.

Unless your remittance for \$\_\_\_\_\_ is received by us, or some suitable arrangements for its liquidation made before the \_\_\_\_\_ (10 days) of this month, it will be necessary for us to refer this obligation to our attorneys for collection. Won't you kindly relieve us of this unpleasant task?

Yours very truly,

FFEIFER BROS. INC.

Assistant Credit Manager.

H.B. Dalton/11

④

In going through our ledgers we note that your account is almost paid out. It has been handled very satisfactorily and this department appreciates having you classed as one of our preferred customers.

We are wondering if you do not need something else for the home. Right at this time we are winding up our "Anniversary Sale", and there are numerous bargains left. Inasmuch as your account is established here we invite you to come in and take advantage of these savings. Bring this letter with you.

Looking forward to seeing you in our store soon and with kindest regards, we are

Cordially yours,  
KILGORE FURNITURE COMPANY

J.W. Gaines  
Credit Manager

J  
B  
C  
/

# Tune Up the Small Businesses

By TRACY K. ELDER

Certified Public Accountant, Spokane, Wash.

**B**USINESS, today, requires records to be kept, so we do it. It is expensive, but we can't get along without it so we put up with it. Either we do it ourselves or we hire it done. Either way it costs us money. Let us get the maximum for our money.

I spent a few hours, the other day, going over a flow chart showing manufacturing processes in refining corn products. I was surprised at the different products that result without any waste material. Every particle of that corn was used. In a brief way, here is how it works out.

The corn is weighed and put in storage tanks. From there it goes to steeping tanks. The steep water is drawn off to go through an evaporator and is then used in another department to make feed. The corn goes on through a grinding mill (de-germinator), and settling tanks. From the settling tanks the germ goes through a shaker which separates the starch. The germ after a few more operations is filtered and two products are derived from it, Oil Meal and Corn Oil. The starches and gluten are separated again and there is Feed. The starch goes through several other processes and we have Pearl Starch, Lump Starch, Powdered Starch, Special Starch, Boiling Starch and Culinary Starch. That seems like quite a bit to get from corn but there still are Corn Syrup, Light Mixed Syrup, and Dark Mixed Syrup. No waste anywhere, even the charcoal (bone) filters are later reclaimed.

Why doesn't the business man use all the material at hand in his office instead of getting just one product? That is what he does when he uses his records for recording only and does not let them guide his activities in the future.

What would you think of the refiner of corn products if he only manufactured the starches and allowed the oil meal, corn oil, feed, and the syrups to be wasted? Or does a similar condition exist in your office?

We might mention the small business man who keeps his own records. I wonder if he knows how much it is costing him. Let us take, for example, a suppositious Mr. Smith for instance. He has a small retail business in a good location, and does a gross volume of \$80,000 or \$90,000 per year. He employs three salesmen and a stenographer but keeps his own books and runs the credit department.

Let us assume it takes him two hours a day to keep his records and about the same amount of time spent on new credit applications and details of the credit department. That leaves him approximately four hours each day to spend on the floor selling merchandise, directing the salesmen, buying merchandise, checking the advertising, store displays, windows, etc.

Let us also suppose that his net income is approximately \$4,800.00 per year from this business. He works in all, about 2,400 hours a year and gets an average return on the time spent in his business of \$2 an hour. But is that what he gets? The books and records as he uses them are not producing his income, *they are recording it*; so

it is the four-hours-a-day he spends out on the floor that is bringing in his income. His producing time is really worth \$4 an hour and he produces only four hours each day.

Mr. Smith argues that if he didn't keep his own records he wouldn't know how his business was progressing. Maybe that is so, with the records he is keeping. Figure his time at either the \$2 or \$4 an hour rate and it is quite a bit for bookkeeping.

How long has he been in business? About twelve years, and he has been keeping the same records all that time with very few changes. I have on my desk, now, three books published this year that are different from anything published last year, and I have twenty-five or thirty which have been written in the last six years. Any one of these books describes more modern methods than he is using.

Now let us see what he can do to correct the position he is in. First he can get an experienced girl or young man who can be a combination of bookkeeper and credit man. Some one who is willing to begin at a nominal wage. This will relieve him of four hours per day detail work. Surely this time spent in the producing departments of his business will bring results far greater than what the bookkeeper-credit man will cost.

In addition, the bookkeeper will soon learn to keep the records and run the credit department in a better manner and in less time than Mr. Smith could. The bookkeeper doesn't have to worry about the producing departments. He will also have four hours a day free which can be spent doing a better job than Mr. Smith did, or he can spend more time on the slow accounts and in getting new customers.

Now we will assume he has a bookkeeper-credit man so we can leave Mr. Smith and take a glance at the books and records kept by some of our small merchants. Let me tell you about a suppositious Mr. Jones and the records he kept.

One day he dropped into the office to ask about a new tax and how it would affect his business. I decided I would need more information before I could answer his question so at his invitation I dropped into his place of business a few days later. In a few minutes we had disposed of the tax question but another question had cropped up: How should he record the tax in his records with the least possible change?

I asked for his books and this is what he gave me: A general journal and an incomplete check register. There was no general ledger, no cash receipts journal, no records of sales or purchases, and yet he was doing a good retail business on credit. To find out what the sales for the year were, it was necessary to take a list of the bank deposits and add to that, or subtract from it, the variation in accounts receivable at the beginning and end of the year. A similar method had to be followed in finding out the total purchases.

His accounts receivable were recorded satisfactorily but



his credit SYSTEM was as scarce as his records. You can imagine how many slow accounts originated from his antiquated methods. His only financial statement was his copy of the Federal Income Tax Return.

In other words his bookkeeping had been forced on him and he did it the easiest way possible. Here again is a case of recording past transactions only because he was forced to and without any idea they could be used to help guide his future activities.

Are you one of these people? Probably not. Yet, to be sure, why not get in touch with others in your line and see what results they are getting? Ask a few questions from time to time. Don't forget the money you spend can often buy the least as well as the most. This applies to services as well as any other product.

On the other hand, don't be one of these people who, the first time they employ an accountant, expect results only a magician would produce.

The absolutely worst type of business man I have encountered is the one who dumps his fate, trustingly, into your lap and awaits a miracle. "Go ahead," this one says, "you know what I need done. Make the changes to suit yourself. It'll be okay."

The writer knows better. Ten to one it will be anything but okay, and high heaven will tune in on the howl when you don't produce the miracle.

The client wants his facts and figures garnished. "Oui, Monsieur," the accountant is the chef. But when he has stirred up the stew that represents old methods, and dipped out a morsel, it is not necessarily a case of "Eureka!"

The successful business man is more concerned over his plans for the future than he is over what has happened in the past. He is interested in the reports of past operations to the extent they may be used in planning his future operations.

Rapidly changing business conditions have created a need for accounting information which will serve as a reliable guide in formulating and executing new policies. You cannot get the information except from past operations.

The responsible executive cannot be well informed without the aid of information regarding the detailed activities of his business. Conditions are different now than they were four or five years ago. Accounting methods have changed—after too many years of letting "good-enough" methods alone. The trouble is that "good enough" as arrived at formerly was usually pretty bad.

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Now is the time to find out what makes your business run. Tune up the business motor and see how fast it can go. Check up on the physical and mechanical equipment you are using in your business and replace the misfits and the obsolete machines.

Do the same thing with your methods. Have a public accountant go over your system and follow his suggestions. After all, accountants have the duty of furnishing the figures and interpreting their meaning. They know the need for developing means to keep your requirements abreast of the times and are sensitive to changing conditions.

Don't be one of these one-product manufacturers; get the maximum results from your product. After all, it is costing you money to keep your records—get something for your money.

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# The Nation's Collection Percentages - Stem

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						JEWELRY STORES	
	1937			1936			1937			1936			1937			1936			1937			1936			LO.	AV.
	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.		
Boston, Mass.	47.5	58.5	41.7	48.8	60.6	42.7	17.4	24.0	13.6	15.2	27.9	13.5	50.2	55.0	37.2	54.0	59.0	53.1	—	—	—	—	—	—	59.8	58.8
Providence, R. I.	43.0	50.0	35.5	42.7	50.0	37.2	—	11.0	—	—	11.0	—	—	—	—	—	—	—	—	11.4	—	—	13.3	—	—	—
Lynn, Mass.	50.2	54.0	37.2	45.0	54.0	34.9	—	—	—	—	—	—	—	—	—	—	—	—	14.0	19.0	12.5	11.1	21.2	9.7	—	—
Springfield, Mass.	50.4	52.2	48.7	51.0	54.1	47.9	14.6	18.6	10.6	15.5	21.4	9.6	49.4	50.5	48.3	48.9	54.5	43.3	—	—	—	—	—	—	—	—
Worcester, Mass.	44.9	45.9	44.0	45.2	46.8	43.6	—	23.4	—	21.2	25.0	17.5	35.0	47.0	21.0	34.2	49.0	22.0	—	—	—	—	—	—	—	—
New York City	44.5	56.2	37.5	44.3	58.7	38.8	19.7	29.3	12.6	20.4	26.0	12.8	39.2	58.0	33.0	43.3	53.4	27.0	—	—	—	—	—	—	—	—
Pittsburgh, Pa.	44.9	51.3	34.8	44.5	49.1	34.5	14.6	19.1	11.2	16.3	22.0	12.8	43.8	51.3	34.8	44.2	50.0	34.5	—	—	—	—	—	—	33.2	47.9
Reading, Pa.	47.5	50.1	37.6	45.7	46.1	44.1	—	16.0	—	—	16.4	—	—	30.0	—	—	28.0	—	—	10.3	—	13.0	14.0	11.0	—	—
Syracuse, N. Y.	39.8	43.2	38.7	36.7	40.8	32.9	14.1	17.7	13.1	16.3	18.6	14.1	39.7	39.9	39.6	44.4	49.6	39.3	—	12.2	—	—	13.5	—	—	—
Utica, N. Y.	—	—	—	—	—	—	—	—	—	—	—	—	42.0	44.0	40.5	50.0	76.5	38.0	10.4	11.9	8.0	9.7	11.0	9.0	—	—
Washington, D. C.	38.9	46.2	32.7	38.3	47.3	33.7	12.0	13.4	7.8	12.1	15.1	8.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Huntington, W. Va.	51.3	55.2	47.4	51.7	57.3	46.1	7.1	7.2	7.1	8.0	8.7	7.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Baltimore, Md.	39.7	47.1	32.4	39.9	47.6	31.4	15.3	23.6	9.4	14.5	23.8	5.8	34.1	34.6	33.7	34.9	41.4	32.6	—	—	—	—	—	—	—	—
Birmingham, Ala.	38.3	42.3	35.6	40.3	44.5	37.0	14.9	16.5	12.2	18.6	21.5	16.3	37.8	42.0	32.7	37.3	39.0	35.6	11.6	12.5	9.4	10.1	10.8	9.4	—	—
Atlanta, Ga.	32.5	35.1	29.9	33.9	37.5	30.4	13.3	15.6	11.0	11.2	13.0	9.5	30.0	30.7	29.4	30.3	30.7	29.9	—	11.5	—	12.1	12.3	12.0	—	—
Kansas City, Mo.	70.2	78.3	62.0	67.0	77.5	56.5	—	15.6	—	—	14.8	—	48.8	53.2	38.9	51.0	53.8	38.5	—	10.5	—	—	8.8	—	—	—
St. Louis, Mo.	48.5	58.8	42.0	50.4	60.0	41.8	18.6	21.1	16.6	20.4	23.5	17.3	35.0	39.0	29.6	35.8	40.2	32.3	—	17.3	—	—	14.8	—	—	—
Little Rock, Ark.	—	33.7	—	35.7	36.0	35.4	—	13.8	—	—	14.6	—	—	—	—	—	31.0	—	—	10.5	—	11.4	14.0	8.8	20.0	32.4
Cleveland, O.	44.5	51.3	41.4	45.7	54.1	41.9	16.8	23.6	13.3	19.8	27.0	13.2	45.5	46.0	41.0	41.8	43.0	35.0	9.8	10.7	8.5	10.8	11.1	8.5	47.0	47.5
Cincinnati, O.	49.7	54.7	42.8	46.8	50.8	41.4	13.9	18.5	9.8	13.5	18.1	11.2	37.0	42.1	30.8	41.8	61.5	27.0	—	—	—	—	—	—	37.2	48.0
Columbus, O.	46.6	53.9	41.3	43.4	52.6	42.6	10.4	11.4	9.3	12.2	13.1	11.2	46.7	50.4	39.3	45.6	50.9	44.7	10.4	41.0	9.5	12.2	36.0	10.7	—	—
Toledo, O.	45.2	50.4	40.3	44.9	52.5	39.3	15.8	20.0	15.2	18.4	19.9	16.1	51.5	57.0	40.0	41.2	45.0	37.5	—	15.7	—	13.8	17.7	9.9	30.0	44.5
Youngstown, O.	45.1	47.2	42.9	42.4	44.6	40.1	15.0	15.4	14.6	14.5	15.6	13.3	30.1	37.4	22.8	34.5	39.9	29.1	—	—	—	—	—	—	—	—
Detroit, Mich.	54.4	70.0	40.1	54.2	71.2	37.8	20.7	25.5	15.3	22.5	26.8	17.9	45.3	48.0	41.5	44.1	52.0	40.2	—	—	—	—	—	—	57.0	56.8
Grand Rapids, Mich.	47.4	49.5	44.4	43.7	48.3	39.4	—	—	—	—	—	—	40.9	55.0	25.0	59.1	85.0	42.1	14.6	19.3	12.0	14.2	18.6	9.8	—	—
Milwaukee, Wis.	48.9	54.5	38.7	49.5	55.7	39.3	18.1	19.7	16.0	19.1	20.1	16.6	—	51.7	—	—	51.0	—	—	13.8	—	—	16.3	—	43.0	39.3
Springfield, Ill.*	32.8	44.9	18.0	28.7	39.9	6.1	—	—	—	—	—	—	29.5	31.0	28.0	28.6	29.0	28.1	21.3	34.0	11.2	19.1	27.7	13.2	32.0	30.2
Duluth, Minn.	—	48.6	—	37.9	40.0	35.9	—	29.5	—	—	21.7	—	53.1	70.0	31.0	50.9	67.7	24.0	—	—	—	—	—	—	—	—
St. Paul, Minn.	54.9	59.0	51.3	56.0	58.0	54.0	—	—	—	—	—	—	41.3	49.9	30.0	41.2	42.3	42.2	—	—	—	—	—	—	—	—
Minneapolis, Minn.	64.8	70.4	58.0	65.8	70.1	62.4	18.7	23.8	13.2	19.1	23.0	13.0	53.6	54.3	52.9	56.7	61.0	52.4	—	10.8	—	—	10.4	—	—	—
Davenport, Ia.	51.8	56.2	47.4	51.0	53.4	48.5	14.1	14.6	13.7	14.0	14.3	13.7	—	—	—	—	—	—	—	15.5	—	—	14.2	—	—	—
Cedar Rapids, Ia.	52.2	45.0	54.1	50.0	55.5	46.4	20.8	25.5	16.1	22.9	28.5	17.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Des Moines, Ia.	35.1	49.0	27.2	38.3	49.3	26.7	—	10.6	—	—	12.2	—	42.0	54.0	41.6	39.0	47.0	38.0	—	—	—	—	—	—	—	—
Sioux City, Ia.	39.0	47.9	42.8	44.0	46.2	37.0	15.6	17.0	14.0	16.0	16.1	14.6	—	38.0	—	—	40.0	—	—	—	—	—	—	—	—	—
Omaha, Neb.	—	44.3	—	—	45.5	—	—	12.3	—	—	12.9	—	37.9	39.9	35.0	39.6	45.0	37.7	—	—	—	—	—	—	—	—
Tulsa, Okla.	59.8	60.9	58.7	57.5	58.3	56.7	13.4	13.5	13.3	11.8	12.0	11.7	37.9	41.1	32.2	38.0	41.4	37.3	—	—	—	—	—	—	—	—
San Antonio, Tex.	37.6	41.8	33.3	37.1	40.2	34.5	11.0	13.2	8.8	10.3	11.3	9.3	47.2	48.0	46.4	47.4	51.9	44.8	11.0	11.8	10.5	10.5	10.6	10.4	—	—
Denver, Colo.	44.9	48.4	42.1	46.0	50.0	41.8	12.8	15.0	10.8	15.6	17.4	14.1	43.4	44.7	42.1	44.0	46.3	41.8	—	—	—	—	—	—	—	—
Salt Lake City, Utah	57.5	60.1	52.1	56.7	61.8	50.2	19.5	25.3	15.2	17.9	24.0	12.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Casper, Wyo.	—	112.4	—	—	105.1	—	—	—	—	—	—	—	55.5	67.0	44.0	34.7	42.0	27.5	—	—	—	—	—	—	—	—
Portland, Ore.	39.0	55.8	33.9	40.1	79.6	34.4	13.3	18.2	12.9	14.5	18.9	13.6	43.0	43.6	40.1	41.1	45.0	39.0	—	—	—	—	—	—	7.7	11.5
Spokane, Wash.	54.6	57.7	51.5	59.8	68.0	51.5	14.1	17.1	11.1	13.9	16.1	11.7	40.1	49.0	31.2	42.5	53.0	32.1	—	—	—	—	—	—	31.7	25.0
Tacoma, Wash.	—	46.0	—	48.2	59.0	46.2	—	15.4	—	20.9	23.5	19.5	—	—	—	—	—	—	—	—	—	—	17.5	—	—	—
San Francisco and Oakland, Calif. }	43.1	52.7	36.1	45.3	52.8	34.2	16.7	25.1	14.8	17.7	29.6	14.0	34.6	48.0	26.3	36.4	47.9	28.9	15.5	30.5	10.0	15.2	28.3	10.5	—	—
Los Angeles, Calif.	59.6	61.7	51.2	58.6	64.6	55.5	18.3	20.8	17.1	20.9	23.5	19.5	55.7	59.5	52.0	54.3	58.1	50.5	—	—	—	—	—	—	—	—
Santa Barbara, Calif.	47.4	58.1	26.2	47.0	54.1	37.8	—	—	—	—	—	—	53.6	72.4	42.8	53.0	79.1	34.9	—	—	—	—	—	—	—	—
Ottawa, Ont.*	—	—	—	41.8	50.8	24.6	—	—	—	16.4	22.5	13.4	—	—	—	30.2	34.6	28.3	—	—	—	12.2	14.3	11.1	—	—
Vancouver, B. C.	57.3	57.6	56.9	59.2	65.0	53.4	24.7	30.4	19.1	26.4	32.7	20.1	—	47.0	—	—	55.1	—	—	14.8	—	—	17.2	—	—	—
Victoria, B. C.	62.0	62.4	61.7	55.5	58.7	52.3	25.1	27.2	23.1	24.2	26.8	21.6	—	47.3	—	—	39.4	—	—	—	—	—	—	—	—	—

\* 1937 Figures not received at press time  
\* Open and Installment accounts combined

\* Installment  
\* Furriers

\* Laundry  
\* Plumbing

\* Lumber  
\* Paper and Paint

\* Fuel  
\* Cleaning and Dyeing

\* Carpeting and Cleaning  
\* Building Supplies

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[illegible]

<sup>21</sup>Leather Goods  
<sup>24</sup>Electrical Supplies

17



# How We Handle Grocery Credits

By C. E. WILSON

Secretary and Credit Manager, J. H. Bridger Grocer Co., Springfield, Mo.

THE unique record made by the J. H. Bridger Grocer Company in the field of credit granting is due to several contributing factors: A 100 per cent cooperation with the local Credit Exchange; the close scrutiny of all prospects; weekly audit of all outstanding accounts; and the continuous use of various printed forms which will be described in this article.

This firm is composed of six large retail grocery stores located very advantageously in the various commercial districts of our city. We are serving over 2,000 families from a credit standpoint and in this group we run from the daily laborer to the highest paid executive.

This is an old firm and has been in the credit business in this city for many years. We have customers who come to our stores daily. On the other hand, we have customers who have been trading with us for ten or fifteen years, who have not been in our stores for a number of years yet call us daily and order their grocery needs.

We have in the past enjoyed a low credit loss and especially this last year we only suffered a loss of .0006 per cent on our sales. We feel that much of the credit for this record is due to the cooperation between our firm and our Credit Exchange. We not only ask them for information, but gladly give them all the information we have available. If all merchants were to reciprocate by giving the Credit Exchange such information, the reports we receive would be of the very best.

We ask our customers (or prospective customers, rather) to fill out an application for credit (Figure 1). This card does not contain as many questions as are usually required on credit applications. The reason: We do not want to be burdened with carrying a great amount of credit information when it is so quickly available for us by calling the Exchange and the great number of our customers are such good accounts that we need give them very little attention. (We try to center our attention on the delinquent, slow and inactive accounts.) We do ask for their name, address and their former address.

This latter is of much importance, both to us and the Credit Exchange. Perhaps they are moving from one part of the city to another. Maybe we have had former experience. Or they may be from some other city. In either event, this information comes in very handy. The items or questions "OWN HOME" and "OWN CAR" are psychological, suggestions only and have very little import in granting credit. We are interested in knowing the bank they do business with and, especially, the groceryman who has been serving them.

We have most of these applications taken in the stores by the managers or cashiers, with the understanding that they must be sent to the main office and checked through the Credit Exchange before the account is opened for activity. The report received back from the Credit Exchange is written on the back of the card and the card is then filed in an open card file with the customer cards of the particular store in which they will trade.

When a customer moves to another locality and trades

with another one of our stores, his account is transferred to that store and his card is so transferred in the office. Thus, we maintain in the office at all times a card in the store file for each customer who trades and has a credit rating. After the report is received and checked, we notify the store manager whether or not the application is accepted. He gets in touch with the applicant and advises him either way.

Springfield is principally a railroad town, the Frisco system having three large shops and a large office building here; their method of paying their employees on the 15th and 31st has quite an effect upon the paying habits of our people. These two periods or dates are locally known as paydays.

We have a statement just over the signature of the applicant wherein he agrees to pay in full every payday (we can't use the dates as other firms have paydays on different dates) and if he fails to pay in full, a service charge is placed on his account. Personally, we do not want this extra 2 per cent on his unpaid balance. We would much rather have him pay up in full and we tell him so, and this item stimulates prompt payment in full.

However, on our receipts given when the account is paid (see Figure 2) is a printed space for the addition of this 2 per cent service charge which is a constant reminder that we expect our accounts to be paid in full. This has not yet eliminated all balance-carrying customers, but has had a marked effect in the reduction of those who would carry a balance.

We have very little difficulty in getting prospective customers to sign the application with this statement on it, as at the time they are asking for credit, their whole intention is to pay promptly and they are anxious to show us that they can do so. If one complains about the statement, then that is a signal to check a little closer at the Credit Exchange and, usually, we discover why he complained.

Under our accounting system, designed by ourselves, we require every credit sale to be certified on our cash registers. At the close of the day, the register tapes as well as a complete accounting report are sent in by each store. When received at the office, they are thoroughly checked and entered into our books on an accurate system which reveals many things to us, but two things particularly on this subject: the daily amount of outstanding accounts in each store and a statement of the daily standing of that store with our office as to whether the store is paying money into the organization or drawing its support from the office. If it is drawing its support, the manager (who receives back this information daily from the office) at once ascertains, by checking his credit file, whether or not his customers are paying up promptly or letting their accounts ride, or carrying balances.

We have a form letter (Figure 3) which he has his cashier mail to each delinquent account. Usually this is all that is necessary. However, sometimes it becomes necessary at a later date to remind them again, which is



Another feature of our credit control is that every Wednesday night, a list of every account is taken off by

Name	Week Ending				
	5/5	5/12	5/19	5/26	6/2
John Doe	15.65	26.14	8.12	27.74	1.45
Ray Key	19.95	19.95	19.95	19.95	19.95

*I agree to pay this account in full on each of my paydays or not longer than 30 days. In the event that a balance is left, I agree that the J.H. BRIDGER GROCER COMPANY may add a charge of 3% per month on the unpaid balance. In case this account is placed with an attorney for collection, I agree to pay ten per cent additional for the collection of the same.*

**J. H. BRIDGES**  
SPRINGFIELD, MO.

Dear Customer:  
The remittance solicited in our previous letter does not appear to have been received.  
Please phone me personally if there is any question about its correctness. If it has merely been overlooked, your check in payment will be greatly appreciated.

Balance Due \$ \_\_\_\_\_

By \_\_\_\_\_ Mgr.

CREDIT TERMS: ALL ACCOUNTS MUST BE PAID WITHIN 5 DAYS AFTER ACCOUNT IS DUE  
IN NO CASE WILL CREDIT BE EXTENDED MORE THAN 30 DAYS

Dear Customer:

May we at this time, kindly call your attention to the fact that we have not yet received your check for your grocery bill of last month's purchases.

No doubt, payment of it has been merely overlooked and we will appreciate your immediate investigation.

[illegible]

As these are posted into the book from week to week, we can readily discern that there is nothing wrong about the John Doe account. These figures reveal that he is buying regularly and at pay days making his payments as he should. We give very little office attention to this type of account and the majority of our accounts are such accounts. However, with the Ray Key account, it shows that he is neither buying nor paying. We at once place a blue metal signal on his card in our card file and notify the manager of the store that his account has thus been signalled. That means for the manager to get busy.

Grocery stores are different from other types of business in securing information. It has been the custom of people, for many years back, to lean on the groceryman, to make him the confidant of their joys, their happiness and their troubles. When the blessed event comes into the home (the groceryman knew about it a long time ago), the proud parents seemingly just await the moment when they can take the baby down to the grocery store and show it off, weigh it on the scales, etc.

When Junior gets a special promotion or is given a commission as a schoolboy patrolman, he runs down to the grocery store to tell about it. The mother comes into the store and tells the family's ups and downs; so does the father. Thus do we learn of the family relationships, layoffs, promotions, vacations and family difficulties. So when we notify the manager that Mr. Key's account is delinquent, perhaps he already knows the reason. Maybe his company has sent him to the East for a buying trip and he took his wife along. Maybe his wife is out of town and he is eating out till she gets back. Or maybe there is real trouble. If the manager does not know, he at once gets busy and finds out just what the trouble is.

But, if after another report (or two) has been made to the office and Mr. Key's account is still unpaid, we take the blue signal off his card and put on a red signal which means that the office is now taking over the collection of this account. We employ various methods of collection. Each customer requires a different kind of attention. Sometimes, we merely mail a statement of his account to him, with a past due stamp, signed by the writer as Auditor. (See Figure 5.) We have found this to bring in the results. The store manager, they know him, but coming from the Auditor, it inspires a little of awe when they receive it.

(EDITOR'S NOTE: The "Past Due" stamp, mentioned above, failed to reproduce in Figure 5. It reads: "Past Due! This account has no doubt escaped your notice. Will you please favor us with an early settlement and oblige?" It is signed "C. E. Wilson, Auditor.")

Sometimes, we write a personal letter and get results. We have a very efficient young man whom we have trained in a twofold capacity, that of securing and contacting new prospects and the other of collection of hard accounts. A personal call by him usually brings in the money. We have two very good rules which we try to live up to: NEVER GET MAD and USE PATIENCE. A constant hammering away at an account will sooner or later bring in the collection. Sometimes we have to resort to a suit at law for judgment and execution but we try to impress upon our customers even then that we didn't want to, they made us do it by refusing to pay.

We have had a number of persons whom we have sued for their accounts reapply for credit and have found them to be excellent customers as they know that we mean business when we ask for payment of their accounts. They merely had to be taught a lesson.

Another feature of our credit control system is the reading of the society page of our local newspaper. We have taught our managers to do this and we find that through this reading, we know where our customers are and what they are doing. A customer who just can't pay his account, and yet is published in the paper as giving a party with a list of guests needs crowding.

## Management Looks at Retail Credit

(Continued from page 3.)

Then, too, it is an invaluable aid for those who must live within limited budgets, enabling them to schedule their expenditures so that they can pay for this month's purchases out of this month's income.

Deferred payment plans enable the customer to buy better merchandise and make larger purchases with the payments so arranged that they may be paid out of income (within a reasonable time).

For the store, credit is, as I stated in the beginning, a business builder. It provides a *known* steady flow of repeat business. Experience proves that there is a natural tendency of customers to favor the store where they are known and have credit privileges.

Deferred payment plans (always, of course, with the proper control) provide an outlet for sales of better merchandise and for larger unit sales. This is especially true in the case of home furnishings, household appliances, in fact of all items of merchandise in the higher-unit-price brackets.

Speaking of proper control of credit, the efforts of the National Retail Credit Association, throughout the past three years, to provide proper safeguards and control for installment credit, are to be commended.

Installment terms have already been shortened by member stores of the Associated Retailers of St. Louis. Many of the St. Louis stores have established maximum terms—with minimum down payments and minimum monthly payments—on installment contracts. In future, St. Louis stores will refrain from advertising "No Money Down" or "No Down Payment."

## The Barometer of Retail Business

(Continued from page 11.)

an increase in collections of one and one-half per cent in Tyler, Tex., while credit sales increased 2.0 per cent.

There seems to be a general feeling of uncertainty and uneasiness in Cheyenne, Wyo., which resulted in a decrease of 5.0 per cent in collections and a decrease of 2.0 per cent in credit and total sales respectively.

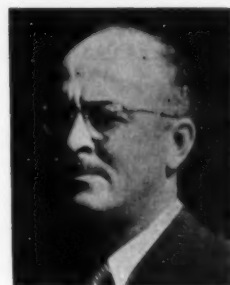
Labor trouble resulted in a decrease of 10.0 per cent in collections and 15.0 per cent in credit sales in Aberdeen, Wash. The Sino-Japanese war resulted in a curtailment of shipments of lumber products to the Orient. . . . Strikes and labor unrest also retarded collections and total sales in Vancouver, Wash.

Collections were off 1.5 per cent in San Francisco, Calif., while credit sales increased 2.0 per cent. . . . Collections decreased 1.0 per cent while credit sales increased 2.0 per cent in Santa Barbara, Calif.

# One Plan for Making Quick Credit Decisions

By DANIEL D. GAGE, JR., Ph.D.

Associate Professor of Business Administration; Instructor in Credit Management; School of Business Administration, University of Oregon, Eugene, Ore.



PROBABLY 75 per cent of the cases involving applications for credit before the retail merchant can be decided "Yes," "No," or "Yes" with modifications. Particularly is this apt to be true if the credit granter has ample time to gather facts upon which to base his decision. It is to be presumed that he has a credit file or has access to the credit information collected by the merchants through a retail credit bureau.

The cases which test the credit man's perspicacity to the utmost are the 25 per cent which might be termed the "borderline" or questionable credit risks. It may be that a large portion of these will ultimately fall in the riskless category when all the facts are known. But in the initial interview or when the application is being made, there may be so few facts available that the granter is literally taking a step in the dark.

If the customer can be held off long enough, facts can be marshalled through the retail credit bureau and its affiliates throughout the country upon which to base a sound judgment, no matter from where the customer comes. The most trying cases are those where appearance and manner of the applicant indicate that he or she is a good moral risk yet there is the lurking doubt that he or she is just putting on "company manners" to overawe the credit manager.

Usually, these doubtful cases are concomitant with circumstances where the applicant, making an appearance in the store for the first time, wants to take out expensive merchandise immediately, upon a credit basis. It is up to the credit man to make a quick decision which has far-reaching results.

If the applicant before him is a well-dressed woman with plenty of *savoir-faire*, how can he always tell in a short interview whether she is a respectable matron who, if affronted by brusque treatment, will do the store irreparable damage by telling her friends of the treatment, or whether she is that type of person who lives (or at least clothes herself) by her wits and by contracting obligations that she never intends to fulfill? Such situations are rather common in the select specialty shops, department stores, and women's ready-to-wear stores.

To summarize, the situation is this: The customer has selected a high-priced piece of merchandise; she has never opened a charge account with this store. She wants to take the article with her; she tells a plausible story, but there is no proof other than her words; and perhaps, in the interview, she has made a contradictory statement which throws the credit man on guard. To ask the customer to return later would cause her to depart immediately in a huff. What would you do?

One store in a metropolitan city has developed a plan

to meet just such situations. It is, of course, more adaptable to large stores because it is in these establishments that the volume of this kind of cases warrants some special attention. It can, however, be modified to meet conditions in smaller stores. Perhaps the most interesting way to present this method would be by dialogue or play form with injections by the writer where necessary to carry the reader behind the scenes:

SCENE ONE: (Coat and Suit Department of a high class women's ready-to-wear store. Characters: Salesgirl and woman customer, slightly overdressed with jewelry which might or might not be paste.)

Salesgirl: "I think you have made a very wise purchase in this coat, madame. It will require no alteration."

Customer: "You said this was \$125.00?"

Salesgirl: "Yes, do you want to charge this?"

Customer: "Yes, and I shall want to take it with me, for I want to wear it at the country club tonight."

Salesgirl: "Under what name is your charge account here, Mrs. —?"

Customer: "Skippe, but I have never opened a charge account here. You see, I have bought most of my things before at Marshall and Scotts."

Salesgirl: "That will be easily arranged, Mrs. Skippe, but as we are not allowed to o.k. credit, let us see Mr. Sharpe who, I am sure, will accommodate you. For my sales slip, what is your full name and address, Mrs. Skippe?"

Customer: "Mrs. Mae Skippe, 1875 Emerald Street."

The two characters walk off the stage toward the office of Mr. Sharpe, the credit man. The salesgirl has torn out the "Sales Slip" which reads:

"Mrs. Mae Skippe, 1875 Emerald Street. Claims to have account at Marshall Scott's. Coat \$125. In city past three months."

SCENE TWO: (The salesgirl and customer are approaching the office of Mr. Sharpe, the credit manager. As they pass the desk of Mr. Sharpe's secretary, the salesgirl drops the "Sales Slip" on her desk and then ushers the customer into the credit manager's office.)

Salesgirl: "Mrs. Skippe, Mr. Sharpe. Mrs. Skippe has selected one of our new spring coats. It is a perfect fit and she wishes to take it with her. She would like to open a charge account. I am sure Mr. Sharpe can take care of you, Mrs. Skippe. If you will excuse me, I'll have to hurry back to the department."

Mr. Sharpe: "Thank you, Miss Keene. Won't you be seated, Mrs. Skippe?"

Mrs. Skippe: "Thank you."

Mr. Sharpe: "We are always glad to welcome new ac-

(Continued on page 30.)



# This Business of Industrial Banking

By JOHN J. MASON

Secretary-Manager, Morgan Plan Company, Mobile, Ala.

*We think of the mind as a human mechanism with which to remember, when as a matter of fact, one of the noblest functions of the mind is to forget.—Jinarajadasa.*

THE industrial banker is apt to say "that is very interesting, but Jinarajadasa was speaking of spiritual things. We are interested in material things."

Except for a few spiritual palpabilities, which we all accept, we are not inclined to speculate in the realm of higher spiritualities. However, the law seems immutable to material things as well as spiritual.

While we are studying courses to develop our memory, nature is constantly developing our "forgettery." Sacred writ, no doubt, contains the wisdom of the ages, and those who compiled it attempted to get first things first. Hence, the precedence of teaching the law of the economic cycle as taught by the parable, in Genesis, of the "fat years and the lean years."

That law was old when sages discovered it. It has been a written truth thousands of years. Many times, humans have forgotten about it, only to find that they had to face the law they had forgotten, to their embarrassment.

The very recent years have been fat ones. "Forgetteries" have become highly developed. Economic developments of the past six weeks might well admonish us to take cognizance of Jinarajadasa's law, as well as the law of the economic cycle.

No man can look into the future and tell what it holds. This much seems reasonably certain, however: If these recent years have been "fat years"—the years which are to follow are to be "lean ones." Already, there are some evidences that the cycle has started downward. Industrial bankers are reminded that financial institutions do not lose money in bad times. They lose it in good times. *They simply discover the loss after hard years have set in!*

Every industrial banker knows the temptation to "loosen up" when "everything's Jake"—but we are reminded of the headaches of the years of reckoning. We cannot expect to operate without losses. It is quite possible for even the best piece of business we put on our books to go sour overnight, but by weighing carefully every piece of business which comes to us now, we can avoid many losses in the "lean years" to come.

Advertising is a phase of every industrial banker's struggle for profit, to which he must give much thought. No doubt, there are times when he asks himself the question, "Does it do my organization any good to advertise?" "Yes!" It is not enough to do good. We must let the whole world know we are doing good. Of course there must be intelligence, dignity and attractiveness to our ads, and they must be so worded as to point out to people that our business makes loans to serve their definite needs.

For years, we have seen such ads as "Money to Loan, by Shark & Company" or "We Lend Money—Three Ball

Brothers"—but the advertising of the industrial banker must be worded to apprise the patron that he is trying to take care of his very specific needs, such as taxes, automobile licenses, school expenses, vacations, maternity cases, hospitalization, etc., and that all loans are repayable over a long period of time in small installments. They should see to it that their ads play up the cheerful side of life, and not the doleful.

One industrial banker plays up on vacation loans at the proper season of the year. He points out that vacations are necessities, and not luxuries. That money spent on vacations oftentimes prevents larger expenditures later for illness. Beautiful displays can be arranged, and assistance may be obtained from some of the bus lines and passenger departments of some of the large railroads and steamship lines.

What industrial banker has not asked himself the question, "What can I do to increase my volume?" Why not try to develop new types of business rather than try to increase the volume of a specific type which is already pushed to capacity? Why not find new sources from which to create conditional sales contracts?

One industrial banker is making money from financing the sale of awnings. Another has found that there is a growing demand for venetian blinds. Independent sewing machine dealers are becoming more numerous, and they offer a fertile field for an industrial banker's cultivation. One industrial banker reports he made money financing cemetery lots.

While the industry is comparatively new, and has enjoyed rather pleasing growth, it must not be forgotten that it had its inception in the desire to get help to the little fellow. So, in financing any of the above mentioned items, we are getting financial assistance to the class, who, for many years, had no place to go for it.

From the social life of American colleges have come, more or less inadvertently, many worth-while practices. For instance the "Bull Session." Who is to say that the "Bull Session" of the little group of friends, after the convention closes for the day, is not of great value?

Industrial bankers should meet often. Even where two or three are gathered together over the coffee cups to talk shop—if each brings an idea, then each goes away enriched with three ideas.

Industrial banking is one of the "youngsters" which shows promise. Few industries have developed so rapidly and yet so soundly. One midwest college has recognized its importance by including the teaching of it in its curriculum. Other bankers have recognized its value, and have begun to include it in their operations. Its future seems bright, sound and of long life—offering unusual opportunities to unusual men and women who will give it their time and talent.

# Taking the Credit Application

By SIDNEY MARKS

Credit Manager, The Vogue (Women's Apparel), Chattanooga, Tenn.

**W**HEN a prospective charge customer calls on us for the purpose of opening an account, this is usually the first contact made with the Credit Department. As first impressions are nearly always lasting ones (and thus we are given the chance of making a real sale), it is up to whoever receives the applicant to cash in on this opportunity. For those institutions whose ramifications are so extensive that their set-up does not permit of the interview being made by the Credit Manager himself I cannot speak, but I firmly believe that, whenever possible, the customer should be greeted by the head of the department and, if possible, the application taken by this executive. Thus, for reasons that I shall attempt to develop, I seldom, if ever, delegate this important matter to any of my assistants.

It has been truly said that the first step is the most difficult, as witness the child who is just beginning to walk—one of the easiest things we do when once we learn how. The first step in getting a favorable customer reaction is the manner in which we proceed about it. It is a simple matter to ask stereotyped questions or make demands. The customer usually responds in direct proportion to the manner in which we create the desire or unintentionally build resistance. "They either do or they don't!"

Somewhat like the dog, whose intelligence Uncle Alec was always bragging about. "He can't do a single trick, I have to admit, but when I ask him, 'Are you coming or ain't you?' he either comes or he don't."

To begin with, we must remember that there are a large number of people who are not "in the know"—who are on the defensive in their attitude when we first meet them across the desk, because they believe the credit department is the turn-down Department—that we are anxiously seeking the opportunity to say "No" and that it is difficult to open an account and not as simple as we desire to make it if she is good.

There was a time when the customer was tacitly given to understand that the Credit Department was doing her a great favor if she be permitted to open an account and that she should be duly grateful and appreciative. To the

that the average man or woman dislikes being questioned—most of us refuse to be "third degreed"—so if the person on the other side of the desk suspects that in our questioning there is any such attitude we are sunk. It is easy to get people to talk and tell us what we want to know without being too direct in our queries.

There are fundamentals with which we are all familiar, but which we sometimes overlook in playing this game. The one I consider of greatest importance is the ability to be natural and human. Primarily, it is necessary to put our prospect at ease. This can be accomplished by the simple method of visiting with her for a few moments and making her feel perfectly at home by injecting some simple impersonal remarks to lighten the tension. People like others who display an interest in those things which are of interest to them and if the one planning the interview will attempt to find some subject of mutual interest that first and hardest step will be taken easily.

First impressions, as we all know, are most frequently erroneous ones and if we jump at hasty conclusions early in the interview we are apt to make the mistake of assuming that the prospect is not a worth-while one and thus lose a mighty good customer for our store. It is sometimes difficult for us, who are required to listen to so many statements which are frequently proved untrue, to keep ourselves in the proper frame of open-mindedness which is so necessary if we do the kind of a job in contacting the public that it is the duty of our Department to perform.

Skepticism leads to snootiness if we do not watch our step. How many times have we been guilty of inwardly (figuratively speaking) turning up our noses at some apparently mild, insignificant-appearing prospect, whom we later find to our everlasting chagrin has the many requisites of character, high moral standing and ability to take care of obligations—even though they frequently may be small—much better and more faithfully than the one who at first blush we presumed was really the kind we wanted on our books and later found "had us" and we not them?

It is a rather strange fact but nevertheless true that in developing a sale, in a very high percentage of cases the deal is either closed or lost right at the outset—at the first contact between buyer and seller—so it is most imperative that we create the proper impression and make our prospect like us—which can be done if we educate ourselves to become likable. People like those who in turn like other folks and prove that they do by their attitudes.

Character and personality are synonymous. Being considerate and respectful in our treatment of those with whom we come in contact will indelibly impress these worth-while characteristics upon individuals with whom we transact business. Therefore, what a wonderful and golden opportunity is offered to us of the credit fraternity in building good will and confidence into those who come

(Continued on page 27.)

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## Author's Note:

This article does not deal with the mechanics of the credit application, but is intended to discuss the broader phase of how best to proceed with the interview.

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contrary, we should realize that we are the favored ones, because in the majority of cases she will do most of her purchasing in our store if she has an account, and we should accordingly be grateful for the privilege of serving her and the opportunity offered to sell her in larger volume by reason of this service.

In taking the application we should always remember



# How Birmingham Credit Men Handle "Rush" Transactions

By WM. V. TRAMMELL

Manager, Merchants Credit Association, Birmingham, Ala.

**R**ECENTLY we asked a number of credit men, in different lines of business, how they handle "rush" applications for credit. The replies were so interesting that I am passing them on to CREDIT WORLD readers, in the hope that they will find them as full of interest as I did. (The "Blue Book," to which many of them refer, is a rating book which we publish.)

"I have had a great deal of experience with customers wanting to open an account at once and carry the merchandise with them," said H. B. Hall, Credit Manager of Odum, Bowers & White.

"My experience has taught me not to get excited, for about 50 per cent of these are individuals whom you would not sell after a credit investigation.

"I have had the salesman come down with them and tell me how good they were and that 'if this credit is not OK'd at once the sale will be lost.' This still does not excite me. These persons usually come in late in the afternoon or on Saturdays, when we are very busy. A great many ask me to call up a personal friend of theirs. I tell them we do not call anyone direct but that our reports are all checked through the Merchants Credit Association.

"I use the 'Blue Book' to good advantage on this type of customer. If they show up reasonably well I try to help them but if not, or if they have no credit record at all, I have them wait until I can get an MCA report. I hold the merchandise until I get the report and then send it out—if okeh. Otherwise, I decline them the next day.

"Of course, some individuals, when told we cannot open the account until we have cleared their application through the Bureau, just say, 'Oh, well, leave it alone. . . . I'll go some other place for my credit is good anywhere.' Such persons, we find, are trying to give us the 'rush act' and are the type that could not be sold after a thorough credit investigation."

"In our store I find that the RUSH in most of the 'Rush Cases' is not for immediate delivery of the merchandise but is based on the customer's desire to go ahead and make her selection while she is downtown and has this particular purchase on her mind," said J. P. Northrup, Credit Manager of Parisian Co.

"And so this gives me my cue as to how to handle the customer. I usually suggest that she go ahead and select the apparel she wishes, delivery to be made the next day. This gives me ample time to get a complete MCA report and to clear the application through the regular channels.

"Occasionally, of course, the customer has to take the merchandise with her. In such cases we call MCA and if the last check-up on the party is recent enough and it is favorable, we open the account. If the report had not

been checked recently, and contained 'unfavorable' elements, we ask MCA to call the references and bring the report up-to-date. In such cases we ask the customer to select the merchandise and tell her it will be sent out if her credit record proves okeh."

"We run into a lot of RUSH cases," said W. J. Brandes, Credit Manager of Western Auto Supply Company, "and in most cases I find that the customer is honestly in a hurry for the goods and that he is entitled to credit.

"He is downtown to buy a radio. He wants to buy it now . . . he will buy it now . . . either from us or some other store.

"Or he comes in and wants two tires for his car. He needs them 'right now'—we want his business—and so I make every effort to clear his credit so that the sale can be made. I find that I can sell 75 per cent to 80 per cent of these RUSH cases and we've built up a lot of business for the reason that we extend every facility to clear credits quickly. In all cases we use the regular credit application form. I call the Bureau—if the report had been checked up within six months and is favorable, we okeh the credit.

"I place a good deal of emphasis on 'ability' to pay and for that reason I put a great deal of emphasis on checking the employment factor. Sometimes this can be verified by the applicant himself. He will have his badge or identification card with him. If he hasn't, I make every effort to establish this quickly so that the sale can be concluded."

"We have very little trouble handling RUSH cases," said J. B. Gaines, Credit Manager of Killgore Furniture Company, "and one of the reasons is that we can always offer a plausible answer as to why it will be impossible to make delivery of the goods until the day following.

"In the case of refrigerator sales, I tell them that we would not think of sending out this equipment until it had been put on the line and thoroughly tested under freezing temperatures, so that we could be absolutely certain it would give 100 per cent satisfaction.

"In cases involving furniture items a ready answer—made always with a smile and an apology—is that we have done so much business during the past two days that our delivery department is behind and cannot possibly get this to their home under 24 hours.

"Usually, I am very frank with the customer and in cases where the goods MUST be delivered at once, or taken away, I tell them we will have to clear their application through MCA and ask if they have not other business while downtown and cannot come back in an hour or so. In most cases they KNOW we are going to investigate their credit and no resentment is felt."



## IN MEMORIAM

### Louis Phillips

Louis Phillips, President of Burger-Phillips Company, Birmingham, Ala., died at his home September 7, after a heart attack.

Born in Tass, Hungary, Mr. Phillips went to Birmingham in 1885 and was connected with Loveman, Joseph & Loeb for ten years before resigning to enter business with his brother I. Phillips, and Jacob Burger. He was recognized in Birmingham as an outstanding contributor to philanthropic and civic movements.

\* \* \*

### Fred W. Evans

Fred W. Evans, President of D. H. Holmes Co., New Orleans, died October 13, at the age of 66, of a heart attack. He joined the Holmes store in 1909 as Superintendent. Two years later, he was made Vice-President and General Manager and in 1918 was named President. He is survived by a son, Hugh McClosky Evans.

### St. Louis Credit Women Elect

The newly-organized St. Louis Credit Women's Breakfast Club, at its first meeting, October 20, elected the following officers and directors:

President, Mrs. Julia Garrison, Alex F. Kessler Fur Co.; Vice-President, Miss Madeline Crane, Grimm & Gorly; Secretary-Treasurer, Miss Helen Weiss, Associated Retail Credit Men and Credit Bureau of St. Louis. Directors: Miss Edith Bonnet; Miss Essie January; Miss E. Stockman; and Miss Mary Jennings.

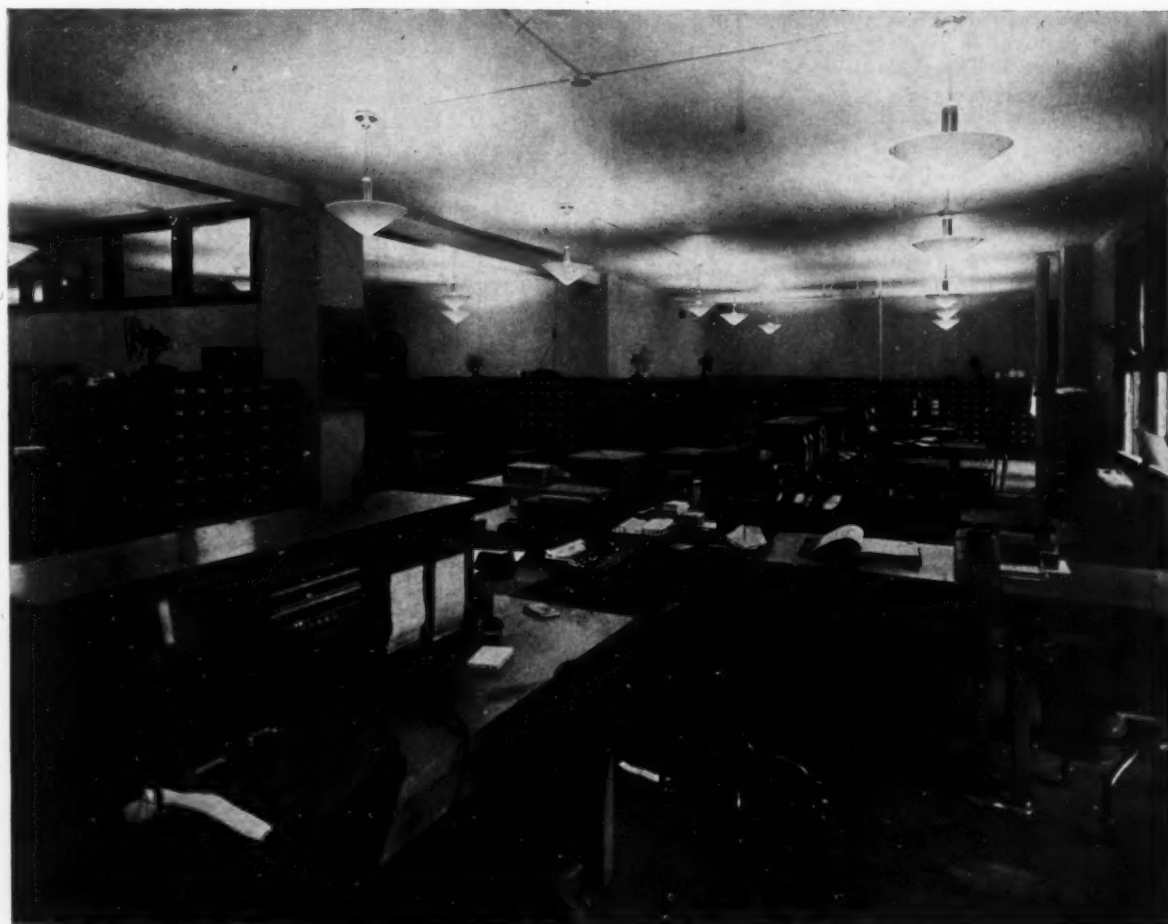
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### St. Louis Bureau Installs New Lighting System

The photograph below shows the new indirect lighting system just installed in their workshop by the Associated Retail Credit Men and Credit Bureau of St. Louis. Thirty-three lights were installed at a cost of \$600.

The bureau proper occupies 4,000 square feet of floor space and has 16 Telautographs, 4 telephone turrets and one monitor board and 36 telephone lines. It houses 1,300,000 master cards in its files.

Mr. August J. Kruse, Manager of the Credit Bureau, was Secretary of the National Association in its early years and also Editor of *The CREDIT WORLD*.



*New Indirect Lighting System in Associated Retail Credit Bureau of Saint Louis*

# Cleveland Honors President Ross

WHEN 350 people attend a meeting to honor a man it's an occasion. And when that number gathers at a noon luncheon, it's even more notable.

That's what happened in Cleveland on Thursday, September 30, when the Cleveland Retail Credit Men's Company turned its regular weekly experience-exchange meeting into a luncheon in honor of President J. Gordon Ross.

President Ross was in Cleveland attending the national convention of the American Gas Association.

Giles C. Driver, Past President of the National Association, is president of the Cleveland association. When he learned that President Ross would be in Cleveland, he invited him to a meeting of the Cleveland group. When he learned that President Ross is chairman of the Consumer Relations Committee of the American Gas Association, he asked for a talk on "The Value of Public Relations in Business."

From then on, everyone knew that a real event was developing.

A special committee of thirty was organized, divided into six teams. Each team-member pledged himself (or herself) to have ten people at the meeting. The final count shows that not a single committee worker failed to keep this pledge!

The way the Cleveland newspapers went for the story is indicated by the reproduction opposite of the layout which appeared in late editions of the *Cleveland Press* the day of the meeting.

In his talk, President Ross said that the first contact made with the customer in the credit department is probably the most vital contact in the business. He stressed the fact that everyone, from president to office boy, has a definite responsibility in the matter of attracting and holding customers.

If atmosphere and treatment in the credit department are right, he said, the business has made a friend.

"Does your credit department scrutinize customers in such a way," he asked, "as to make them wonder why they came to deal at your place anyway?"

Accurate, speedy authorizing and courteous collecting

are other points in credit procedure that he said play an important part in building or losing customer good will.

President Ross cited figures released by the Rochester Chamber of Commerce showing why people leave one place to trade in another. "Easy credits" stood sixteenth on the list of reasons, he said. "Low price" was tenth. "Quality" headed the list. "Friendly and courteous treatment" came second.

## Explanation of Photographs

J. Gordon Ross of Rochester, N. Y., is President of the National Retail Credit Association and Giles C. Driver Credit Manager of The May Company and Past President of the National Association. Mr. Borer is Secretary-Treasurer of the J. B. Pearce Co., and Mr. Belden is Assistant Vice-President of the Land Title Guarantee & Trust Co.

J. J. Galvin is Service Superintendent of Wm. J. Taylor Son & Co., Mrs. Bartlett is Manager of the Trade Reporting Department of the Cleveland Bureau, and



Mrs. Bell is President of the Women's Credit Club. Mr. Pierce is Vice-President and Secretary and Mr. Merri-field Vice-President and Treasurer of the Higbee Company.

H. B. Jackson is Credit Manager of Ransom & Randolph Co. Miss Daley is Credit Assistant and Miss Kinney Credit Manager of the I. J. Fox Co., while Miss Roemer is Assistant Treasurer of Chandler & Rudd Co.

### "Borderline" Accounts--

(Continued from page 9.)

If it is an open account, temporary suspension of further purchases should be made. In this way you will limit the amount that he has charged and it will not be as hard for him to pay up and start over as if you had allowed him to become three, four or five months in arrears.

Such a policy may seem a little stringent in a highly competitive field but if we credit men are going to reduce to a minimum these Borderline accounts, we will all have to stick together and adopt a somewhat similar policy.

### Taking the Credit Application

(Continued from page 23.)

to us to be inducted into our ledgers as charge customers and who if properly welcomed and then considerably treated will join that ever-growing number who truly feel that our store is their store and will in turn recompense us with their material things by "trading" with us more exclusively and passing up that other store which refuses to do those simple things that tie customers to us and make them truly our real friends and contributors.

We live and learn. Mark Twain once said, "When I was a boy of 14 my Father was so ignorant that I could hardly stand to have the old man around—but when I got to be 21 I was astonished at how much the Old Man had learned in 7 years." As we go along life's pathway, if we use our eyes to see and our ears to hear, we will be bound to recognize the fact that there is a lot of good and truth and honor in the most of us and as we learn more about people the more we will believe in the majority of them and the desirability of having those we find worth while on our books. The easiest and simplest way to make true friends and at the same time really discover what we want to know (and thus be able to separate the wheat from the chaff) is by taking the first step—the application—right.



**Christmas Seals**

are here again!

**They protect your home  
from Tuberculosis**

## \$2058.42 Collected Through Stickers!

D. H. CROWLEY  
PRESIDENT

W. H. BUTLER  
TREASURER

**ALMY, BIGELOW & WASHBURN**  
INCORPORATED  
DEPARTMENT STORES  
SALEM, MASS.

August 18, 1937

National Retail Credit Association  
St. Louis, Missouri

ATTENTION: Mr. L. S. Crowder

Dear Mr. Crowder:

This letter will confirm an order for 1,000 stickers which we mailed to you yesterday.

This is the second order within the past few weeks. I thought possibly your organization would be interested in knowing of the success we have had through the use of these stickers.

We have used approximately 900 of the original order and during the month of July, and two weeks of August, we collected \$1,591.21 in full payment of accounts. Approximately \$300.00 was received in partial payments, and \$167.21 was collected through the medium of placing delinquent accounts on a budget basis of payment.

This, I think, is a very excellent showing, and I am only too glad to pass this information on to you for the benefit of someone else who may be interested in using these stickers.

With best personal regards, I am,  
Very truly yours,  
  
ALMY, BIGELOW & WASHBURN, Inc.  
  
*W. H. Butler*  
Credit Manager

S/V

### And Here Is the Sticker That Did It!

..The "Please" sticker, shown at the right, is the one mentioned in Mr. Seaman's letter. It is one of the old "National" series, which we had discontinued.

But our members wouldn't let us discontinue them! They kept on ordering!



### Two "Stand-Bys" Retained

So, to meet the demand, we have ordered a new supply of the two stickers shown here and will continue them because they are so successful. Price, \$2.00 per 1000.

National Retail  
Credit  
Association  
1218 Olive St. Louis



# Credit News Flashes--

## Personal and Otherwise

### Passing of Channing E. Sweitzer

The world of retailing was plunged into mourning by news of the death of Channing E. Sweitzer October 5. He had been managing director of the National Retail Dry Goods Association for the past nine years.

Funeral services were held October 7 from his home in Ridgewood, N. J. Burial was in Glen Rock, Pa., his birthplace. The list of pallbearers included prominent merchants from all over the nation. One trade paper styled the list "A Who's Who of Retailing."

\* \* \*

### Important Bankruptcy Hearings

Hearings are expected to commence in the near future before Senators O'Mahoney of Wyoming, Van Nuys of Indiana, and Steiwer of Oregon, a sub-committee of the Senate Judiciary Committee, on H.R. 8046, the general Bankruptcy revision bill.

This bill contains a wage-earner amortization provision for which the National Retail Credit Association has fought long and hard but it is not in the form as endorsed at the Omaha Convention—certain essential provisions having been omitted from the bill when it passed the House. The Association will be represented at these hearings, but each and every member should ask his Senator and Congressman to interest themselves in restoring these omitted provisions.

Please write the National Office *at once* for summary of these omitted provisions, and explanation concerning same. This analysis and explanation will help you in your conference with your Senator or Congressman. Space does not permit detailing them in this issue of *The CREDIT WORLD*.

\* \* \*

### A Correction on Minneapolis' Election

In the October issue we erroneously reported the annual election of the Minneapolis Credit Exchange, Inc. This report should have referred to the Retail Credit Association of Minneapolis as the officers and directors shown were elected by that organization and not by the Credit Exchange.

\* \* \*

### Lienhard Succeeds Evans as Holmes Head

Robert Lienhard, formerly Assistant Secretary and Assistant Treasurer of the D. H. Holmes Company, Ltd., New Orleans, was recently named President and General Manager of his firm to succeed the late Fred Evans whose death is noted elsewhere in this issue.

James A. Smith, formerly Credit Manager, succeeds Mr. Lienhard as Assistant Secretary and Assistant Treasurer.

Hubert Fielder, formerly Assistant Credit Manager, is now Credit Manager, succeeding Mr. Smith.

Mr. Lienhard was, for a number of years, Credit Manager of the Holmes Company and, in 1921, was elected as a Director of the National Retail Credit Association.

The National Office offers its felicitations on his promotion.

\* \* \*

### La Crosse Leaves Department of Commerce

We regret to announce that Mr. H. T. La Crosse, who has been in charge of the Retail Credit Survey since it was first established in 1927, has resigned from the U. S. Department of Commerce to accept a position with the Social Security Board in connection with analytical surveys on State unemployment compensation budgets. Mr. La Crosse has won deserved recognition for his contributions to the subject of retail credit.

The survey will be conducted by the Market Data Section of the Department's Domestic Commerce Division, the chief of which is Mr. E. L. Lloyd.

\* \* \*

### Twelfth District to Hold Annual Meeting at National Convention

The Board of Directors of the Twelfth District of the National Retail Credit Association have decided to hold that district's annual meeting at the National Convention in Pittsburgh next June.

This is the second district to take this action, similar action by District 2 having been announced in the October *CREDIT WORLD*.

\* \* \*

The Associated Retail Credit Men of New York City, Inc., held their annual dinner dance at the Waldorf-Astoria, October 23.

\* \* \*

### Vice-President Karpeles Promoted and Honored

Leo M. Karpeles, First Vice-President of the National Association, was recently named Secretary-Treasurer of his firm, The Burger-Phillips Company of Birmingham, Ala., and was also named a member of the Board of Directors.

In addition, he was recently crowned a Thirty-third Degree Mason in Washington, D. C.

\* \* \*

A Kenosha, Wis., debtor, according to an Associated Press report, returned a merchant's bill with this notation: "Please refer to Matthew 19:29." The merchant did and read this: "Have patience with me and I will pay thee all."

\* \* \*

### What Is the Most Important Retail Credit Problem for 1938?

*Once again we ask that annual question!* Members are urged to send their replies to reach us not later than December 15. Please limit your reply to fifty words and sign it with your *full name and official title* with your firm, as all replies will be published beginning in the January *CREDIT WORLD*.

### Wilson Elected Director of Gimbel's

Harry E. Wilson, head of the Department of Accounts of Gimbel's Pittsburgh store, has been elected a member of the Board of Directors of Gimbel's-Pittsburgh. He has been connected with the store since its inception.

For five years he was president of the Retail Credit Association of Pittsburgh, of which he is now a director. He has also been a member of the administrative committee of The Credit Bureau, Inc., of Pittsburgh, since it was organized.

R. M. Overall was also elected Treasurer of Gimbel's-Pittsburgh, filling the vacancy caused by the resignation of Richard J. Blum.

\* \* \*

### J. A. White Named Vice-President of Harris Stores

J. A. White has been named Vice-President and Credit Manager of The Harris Stores Company, Pittsburgh, to fill the vacancy caused by the retirement of Mr. L. Michaels.

\* \* \*

### Pittsburgh Association Elects

At its recent annual election, the Retail Credit Association of Pittsburgh, Pa., elected the following officers and directors: President, H. C. Engel; First Vice-President, C. G. Kaessner; Second Vice-President, A. C. Dunn; Third Vice-President, C. W. Orwig; Secretary, C. Guy Ferguson; Treasurer, Franklin Blackstone. Directors: John Gwyer; Miss M. A. Schwalm; Felix Weil; J. A. White; W. G. Burson; W. H. Eichenberg; and Harry Kern.

\* \* \*

### Nelson Street Joins Farrington

H. Nelson Street has resigned from the Retail Dry Goods Association of New York to join the Farrington Manufacturing Company and do special work in promotion of the "Charga-Plate" system.

\* \* \*

### Pittsburgh Busy on Convention

Pittsburgh forecasters are already prophesying a record-breaking attendance for the National Convention in Pittsburgh next June. Colonel Franklin Blackstone has been named General Convention Chairman and will shortly announce the various committees.

\* \* \*

### William Penn Official Convention Hotel

The William Penn Hotel, Pittsburgh, Pa., is the official hotel for the National Convention to be held in Pittsburgh next June. Members are requested to send reservations to Charles R. Wilson, Sales Manager, Hotel William Penn, Pittsburgh, Pa., until the official Reservations Committee is appointed. We have already had requests for information about reservations.

\* \* \*

"The average store can expect about 20 per cent delinquents each month," L. E. Krantz, Treasurer of Leath & Co., Chicago, and National Chairman for 1936 of the Controllers' Division of the National Retail Furniture Association, told that body at its recent annual meeting. The subject of his address was "Refinancing Delinquent Customers."



## Letters That Cross The Editor's Desk

We thought you might be interested in knowing that the local Association had its Annual Fall Meeting on October 5, at which 232 local members and friends were present. This was one of our largest attendances, and it was in the form of a dinner meeting at 6:30 p.m. at the Empress Hotel.

We were addressed by Mr. Chas. E. Banner, Credit Manager of the Hudson's Bay Company, Vancouver, on "Credit Granting, 1937." This was a review of fundamental problems of the credit manager, and the most sound methods at present in use.

We also were addressed by Dr. W. J. Hindley, of the Washington Merchants' Association, Seattle, who gave a very inspiring address on the "Problems of the Retail Merchants."—H. B. DAWSON, Secretary, Credit Granters' Association of Victoria, B. C.

\* \* \*

We read The CREDIT WORLD extensively and appreciate the great assistance you afford us in handling our installment loans.—JOHN E. BIGGINS, President, The Flatbush National Bank, Brooklyn, N. Y.

\* \* \*

I believe that you have done a splendid job on the installment terms problem. Unfortunately, sellers of goods on the installment plan did not fully appreciate your remarks (made editorially) several years ago.—GEO. K. FRIED, Manager, Merchants Credit Bureau, Youngstown, Ohio.

### STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912, AND MARCH 3, 1933.

OF CREDIT WORLD, published monthly at St. Louis, Mo., for October 1, 1937.

State of Missouri,  
City of St. Louis,

Before me, a Notary Public in and for the State and county aforesaid, personally appeared Lindley S. Crowder, who, having been duly sworn according to law, deposes and says that he is the Editor of The CREDIT WORLD, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Act of March 3, 1933, embodied in section 537, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business manager are:

Publisher, National Retail Credit Association.....St. Louis, Mo.

Editor, Lindley S. Crowder.....St. Louis, Mo.

Managing Editor, Daniel J. Hannefin.....St. Louis, Mo.

Business Manager, Arthur H. Hert.....St. Louis, Mo.

2. That the owner is: National Retail Credit Association, 1218 Olive Street, St. Louis, Mo.; J. Gordon Ross, President, c/o Rochester Gas & Electric Corp., Rochester, N. Y.; L. M. Karpeles, First Vice-Pres., c/o Burger Phillips Co., Birmingham, Ala.; A. E. Kaiser, Second Vice-Pres., c/o Bullock's, Los Angeles, Calif.; Arthur H. Hert, Secretary, 1218 Olive St., St. Louis, Mo.; L. S. Crowder, Treasurer, 1218 Olive St., St. Louis, Mo. No stock.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

L. S. CROWDER, Editor.

Sworn to and subscribed before me this 28th day of September, 1937.

(My commission expires May 5, 1941.)

Mary E. Riordan.

# A Message from the Research Committee

By LEONARD BERRY

Credit Manager, B. Forman Co., Rochester, New York

President J. Gordon Ross announces the appointment of the Research Committee of the thirteen districts of the National Retail Credit Association for the year 1937-1938. The members of the committee are as follows:

Chairman—Leonard Berry, B. Forman Co., Rochester, N. Y.

- District 1.—L. R. Gelinas, Gamble Desmond Co., New Haven, Conn.
- District 2.—William Colburn, Savard & Colburn, Albany, N. Y.
- District 3.—H. H. Fettes, Sears, Roebuck & Co., Atlanta, Ga.
- District 4.—H. G. Orndorff, B. Lowenstein & Bro., Memphis, Tenn.
- District 5.—T. J. Mangin, Jr., Wm. D. Hardy & Co., Muskegon, Mich.
- District 6.—H. R. Amos, Magee's, Inc., Lincoln, Neb.
- District 7.—R. C. Warren, Arkansas Power & Light Co., Pine Bluff, Ark.
- District 8.—Mike Weinstein, Foley Brothers, Houston, Tex.
- District 9.—Alex Jex, Peoples Finance & Thrift Co., Salt Lake City, Utah.
- District 10.—L. L. Harris, Boulton, Ltd., Vancouver, B. C., Can.
- District 11.—Earl Casey, Hale Brothers, Sacramento, Calif.
- District 12.—E. A. Epstein, Hochschild, Kohn & Co., Baltimore, Md.
- District 13.—L. E. Gillhouse, Halbach-Schroeder Co., Quincy, Ill.

It has always been my feeling that the chairman of any committee is simply the focal point of the committee's activities; the spokesman of all; the enunciator of combined ideas. With this thought in mind, I sent to each committee member a letter asking for his own ideas and suggestions. The response to this letter has been very gratifying.

As a result, I am accumulating a substantial folder of the letters of these men and feel confident that when we hear from all, it will be possible to prepare a satisfactory program for our year's work.

The National Retail Credit Association, like all associations, must adequately serve its members in order to fulfill its highest function. The Research Committee wants to render the best possible service to the Association and its members and to this end will spend time and effort in the investigation of those phases of retail credit which seem worthy of such expenditure.

To the entire body of members I now address a cordial appeal to send any comments, suggestions or ideas that they may have so that the Research Committee may adequately and properly fulfill its function of carrying out the wishes of all members.

I shall look forward to hearing from you and urge that you dictate—*now*—your thoughts, even though you may think them trivial, and allow us to have the benefit of your experience and guidance. It is my desire and that of the committee to have a nation-wide expression of opinion as to "just in which direction" the Research Committee should fire its shots.

I am counting heavily upon the cooperation of the thousands of members from coast to coast in making this year a satisfactory one in association annals.

## One Plan for Making Quick Credit Decisions

(Continued from page 21.)

counts, Mrs. Skippe. If you are new to the store, you must be new in town?"

Mrs. Skippe: "Well, I have lived here before, but never opened a charge account at this store."

Mr. Sharpe: "You have accounts at other stores?"

Mrs. Skippe: "I had one at Marshall and Scotts, but I haven't used it lately as I have been living in Denver for the past six months."

Mr. Sharpe: "Do you wish to carry your account here under your name or your husband's?"

Mrs. Skippe: "Under my name—Mrs. Mae Skippe."

At this point the credit man has decided in his own mind that Mrs. Skippe needs further checking up. Without being noticed, he pushes a button under the desk which signals to his secretary in the outer office. This is her cue to call the Credit Bureau to inquire on party shown on "Sales slip" dropped on her desk by the salesgirl.

While the information is being relayed back Mr. Sharpe continues to interview the customer.

The secretary enters with a tray of papers on top of which is the bureau's reference report. She departs. The credit man casually picks up the sheaf of papers and reads to himself the following report:

"Skippe, Mae or Mrs. John B. Has five accounts in local stores, all overdue. Two San Francisco accounts delinquent. Not living with husband."

Mr. Sharpe: (who has continued talking while glancing at report) "While we have prepared the ground work for opening an account, I think it might be better to defer action, Mrs. Skippe, until we have been able to get adequate information which will put your account upon an established basis."

Mrs. Skippe: "You mean I can't take the coat with me now?"

Mr. Sharpe: "Since we will not be able to open an account for you today, sales for the present we prefer to be on a cash basis."

Mrs. Skippe: "You can tell the girl to put the coat away for I'll look elsewhere where people are more accommodating. Good day!"

Customer flounces out of the office, but her apparent anger is intended only to cover up her chagrin at being checkmated. The credit man dryly smiles and returns to his work for he knows that he has not insulted a potentially good customer by refusing her credit, nor has he let an expensive coat go out on the back of a skip.

A young lady visiting a friend, asked how she was able to buy such beautiful furniture. "Two payments and a change of address," replied the hostess.



## New York Credit Women Elect

The first annual meeting of the Credit Women's Breakfast Club of New York City was held October 14 and the following officers were elected for the new fiscal year:

President, Miss Jennie C. Connolly, Mark Cross Co.; Vice-President, Miss K. L. Paine, Associated Purchasing Agents; Vice-President, Miss Jane Farrell, J. & J. Slater; Treasurer, Miss Kathleen A. Daly, F. A. O. Schwarz; Assistant Treasurer, Miss A. V. McCann, T. A. & L. F. Newman; Secretary, Miss Alice Gray, Credit Bureau of Greater New York, Inc.; and Assistant Secretary, Miss Sally Fields, Credit Bureau of Greater New York, Inc.

## Gimbel's of Pittsburgh Advertise New Thrift Account

Gimbel's of Pittsburgh is the latest store to join the ranks of those installing "Thrift Charge Accounts" and the use of coupon books. Their newspaper advertisement, announcing this service to the public, is reproduced below and is self-explanatory.



## Gimbels Thrift Charge Account

### What is it?

To all purposes it is a regular charge account with a \$25 limit. With this difference, you use identification stickers from the Thrift Book (shown above) to authorize your purchase.

### Whom is it for?

Mainly for employed, small salaried young people who appreciate the importance of established credit but heretofore have not known how to get credit.

### What security is required?

Good reputation and regular employment or a regular allowance. Not other charge accounts. Not even a bank account. Persons with income of fifteen dollars a week or more and who can comply with our liberal requirements may apply.

### How do you pay?

Monthly on a regular charge account basis, upon receipt of our statement in the exact amount of purchases. You do not have to spend \$25 a month—the Thrift Book is for authorization only. You pay each month only for what you buy. You can keep within your budget because a glance at your book will show you just how much you have spent during the month.

### Why a Thrift Charge Account?

For two reasons: First, we want you now as our customers, confident that once established here you will stay with us through the years. Second, we want you, who have never enjoyed the convenience of a charge account, to be able to shop quickly. The Thrift Book way is quicker than cash.

GIMBELS, Pittsburgh.

I would like to apply for a Gimbel Thrift Charge Account.

My Name .....

Address .....

Place of employment .....

How long employed .....

Apply to the DEPARTMENT OF ACCOUNTS—10th floor—for your Thrift Charge Account or for further information. A few days will elapse between the filing of your application and the time purchasing may begin.

For quickest service, use the express elevator on the Department Club side.

## Try These "Inactive" Stickers!

Use on "blank" statements one month--and you will use them again!

### *We Missed You Last Month!*

▼▼

Anything wrong? If so, please give us a chance to correct it.

*We Value  
Your Patronage!*

© 1934, N. R. C. A.

### *Your Account Is Balanced!*

▼▼

This is just a reminder that we missed you last month.

*Use Your  
Charge Account!*

© 1934, N. R. C. A.

### *You Don't Owe Us a Cent!*

▼▼

Yes! We've noticed it and we hope you will use your charge account this month.

*Your Patronage  
Is Appreciated!*

© 1934, N. R. C. A.

Exact size shown by dotted lines. Printed in one color. Price, \$2.00 per 1,000

National Retail Credit Association  
1218 Olive Street St. Louis, Mo.

# Three New "Pay Promptly" Inserts

(Reproductions of our "Pay Promptly" Ads)

Can be used as statement enclosures; also with collection letters. Actual size,  $4\frac{1}{4}" \times 6\frac{1}{4}"$ ; furnished folded to  $4\frac{1}{4}" \times 3\frac{1}{8}"$  (as shown below) to fit statement envelopes.

Their use is recommended to members of local associations now using our "Pay Promptly" ads. Use them as a direct "tie-up" with the ads.

Price, \$2.50 per thousand, postpaid.

## Your Credit Record Is An Open Book



## Friends Talk About "Q.C."\* Too!



\*"Q. C." means Questionable Credit! The result of failure to pay bills promptly—as agreed.

CREDIT is a privilege—a convenience—extended upon the merchant's or professional man's confidence that when bills are rendered, they will be paid promptly, according to terms or agreement. Pay each bill promptly and you establish a "Prompt Pay" record in the files of the Credit Bureau which, like money in the bank, will grow in value. For promptness in paying makes your credit good—and keeps it good!

But—failure to pay bills on time, through neglect or carelessness, can only establish a reputation for Questionable Credit ("Q. C.") and cause embarrassment—to your creditor just as much as to you. For no one likes asking for payment—even when it's past due.

The remedy for "Q. C." is simple: Bills are due on the first of the month following purchase and paid due after the 10th.

Safeguard your credit! Pay all bills by the 10th—or promptly as agreed.

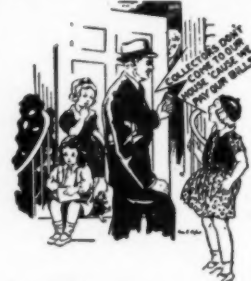


09707 NATIONAL RETAIL CREDIT ASSOCIATION

**National Retail Credit Association**  
EXECUTIVE OFFICES SAINT LOUIS

PRINTED IN U. S. A.

## Prompt Payment of Bills Prevents "Q. C."\*



\*"Q. C." - Questionable Credit - is caused by laxity in paying bills. Avoid it!

Use Your Credit Judiciously  
Buy Prudently—Pay Promptly

PAYING bills is a matter of promptness—and understanding—just as much as it is of honesty. For most people are honest, but many are careless. They neglect payment of their bills and unwittingly build a reputation for "Q. C."—Questionable Credit—with all its recurring embarrassments: phone calls, collectors' calls, neighbors' gossip.

Merchants and professional men are glad to extend the convenience of credit to their patrons. But they expect to be paid, just as they must pay their own bills, according to agreement.

Phone calls and collectors' calls cost them money—needless expense to collect what is due them. That's why they welcome the patronage of those who pay promptly!

Safeguard your credit! Pay all bills by the 10th—or promptly as agreed.

MEMBER

## Your Credit Record Is An Open Book



And You Are The Author!

By the Way You Pay, You Write Your Own Record on a Little Card In the Files of the Credit Bureau.

YOUR credit record is of your own making. The Credit Bureau only keeps the record! Shown in the insert above is an actual credit record (with the customer's name and address omitted). It shows how that customer has paid his accounts—as

truly as if he had written the record in his own book! Millions of records like this, in the files of the credit bureaus of the United States and Canada, form the basis of credit reports—used by creditors and employers to judge the trustworthiness of individuals.

Prompt Payments Make a Good Credit Record—And Keep It "O. K."



09707 NATIONAL RETAIL CREDIT ASSOCIATION

**National Retail Credit Association**  
EXECUTIVE OFFICES SAINT LOUIS

PRINTED IN U. S. A.

# NATIONAL RETAIL CREDIT ASSOCIATION

1218 OLIVE STREET

SAINT LOUIS, MO.

# Now--New "Standard" Collection Stickers

## "O.K."—

—when you say, "Charge It"—  
is a mark of trust—confidence  
that you will pay promptly.  
This account is overdue. Remit  
now, please, and—

Keep Your Credit "O.K."

National  
Retail



© 1937

Credit  
Association



N.R.C.A.

This new series of "Standard"  
collection stickers combines all the  
good points of the old series,  
which members used to the ex-  
tent of a million a year, with  
newness:

New copy, new layout, new  
color in the gummed paper.

Five in the series, exact size as  
shown by dotted lines (upper half  
of this page). Attractively printed  
in contrasting color on buff-colored  
gummed paper.

Inoffensive—Inexpensive!

Prices, 1,000 of any one sticker,  
\$2.00; 1,000 assorted, \$2.50; 500 as-  
sorted, \$1.50.

## Don't Break the Magic Circle!

Credit is the magic circle of  
business. When you pay your  
creditors—they can pay theirs  
and so on, around the circle,  
until it comes back to you!

Credit Is Confidence—  
Safeguard It!

National  
Retail



© 1937

Credit  
Association



N.R.C.A.

## Treat Your Credit As a Sacred Trust!

Credit is faith—confidence in  
your agreement to pay accord-  
ing to terms.

Keep Faith With Your Credi-  
tors and Justify Their Trust!

National  
Retail



© 1937

Credit  
Association



N.R.C.A.

## Prompt Payment

—is as necessary to the mer-  
chant and professional man as  
prompt service is to you!

You are their paymaster. Pay  
according to agreement and

Protect Your Credit.

National  
Retail



© 1937

Credit  
Association



N.R.C.A.

## Past Due

Don't let this past due account  
mar your credit record. Pay it  
now—and keep your credit rec-  
ord clear!

Prompt Payments Build Good  
Credit!

National  
Retail



© 1937

Credit  
Association



N.R.C.A.

## "Good Credit—

is worth more than all the  
gold mines in the world,"  
said Webster.

Prompt Payment Builds  
Good Credit—"Worth  
More Than Gold"

© 1934



© 1934

N.R.C.A.



N.R.C.A.

## The "Gold" Series

An outstanding series—rich and  
dignified looking: Printed in royal  
blue, on special gold paper. Five  
in series (shown on lower half  
of this page). Actual size, 1 3/4" x 2".  
(Dotted lines are not part of stick-  
ers but are only "size indicators.")

PRICE, \$3.00 PER THOUSAND

Order Either Series from Your  
Credit Bureau or—National Retail  
Credit Association, 1218 Olive St.,  
St. Louis.

## Keep Your Credit As "Good As Gold"!

Prompt payment of accounts,  
according to terms, will build  
a priceless credit record—

"Worth More Than Gold"

© 1934



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N.R.C.A.



N.R.C.A.

## A Friendly Reminder!

As this account is overdue,  
your remittance will be  
greatly appreciated.

Prompt Payment Builds  
Good Credit—"Worth  
More Than Gold"

© 1934



© 1934

N.R.C.A.



N.R.C.A.

## Now—Please?

We know how easy it is to  
forget. Won't you send it  
now—please—while you have  
it in mind?

Prompt Payments Build  
Good Credit—"Worth  
More Than Gold"

© 1934



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N.R.C.A.



N.R.C.A.

## Past Due!

Prompt payment of this ac-  
count is necessary to protect  
your credit record.

Safeguard Your Credit—  
It's "Worth More Than  
Gold"!

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N.R.C.A.



N.R.C.A.



# "Impress Upon Their Minds The Importance of Good Credit"

*That's Just What This Little Booklet Does!*

♦ ♦

## "How to Use Your Credit to Best Advantage"

This is the title of a little 12-page booklet prepared by the National Office to promote *better customer understanding* of the use and, likewise, the *abuse* of credit privileges. Dignified, courteous, understandable—it tells customers, *in an understandable and impersonal way*, the things you would like to tell them about credit but dare not for fear of giving offense.

Members, the country over, are using it. Hardly a day passes but that we get letters telling us of its effectiveness. The letter at the right is from a credit executive who has used over 30,000 copies—who orders them in 10,000 lots, and uses them on new customers and inactive accounts, as well as "slow pays." What is more, he has a special message of his own imprinted on the back cover!

(Note: He has just ordered 10,000 more.)

Local associations can use it—with a proper local message imprinted on the back cover—to *build a community understanding of credit and its proper use*.

The prices are 3c each in lots of 100—2½c each in lots of 1,000—plus parcel post or express charges. Local associations are invited to write for prices in large quantities and for local imprints on the back cover. (Size, 3¼" x 6¼".)

Address all orders and inquiries to: National Retail Credit Association, 1218 Olive St., St. Louis, Mo.

P.S. A few sample pages are shown below.



National Retail Credit Association

Jacksonville, Fla.  
January 18, 1937

OFFICE OF THE  
CREDIT MANAGER

Mr. L. S. Crowder  
General Manager-Treasurer  
National Retail Credit Association  
1218 Olive Street  
St. Louis, Mo.

Dear Mr. Crowder:

We are extensive users of the booklet, "How to Use Your Credit to Your Best Advantage," which we obtain from the National Association and we consider it very useful.

We use this booklet in the following manner:

When new customers open charge accounts with us we write them a letter thanking them for their business. In this letter we explain to them the exact terms of their payments. We also call their attention to the little booklet which we are enclosing—"How to Use Your Credit to Your Best Advantage"—and ask them to kindly read it.

We cannot help but feel that when customers read this booklet it will impress upon their minds the importance of good credit and also the importance of paying their accounts according to agreement.

I have had many compliments from our customers on this little booklet. We also use this booklet on any reopened account (that has been inactive for three months) by mailing the customer a copy of it with a letter thanking him for the privilege of making another charge to his account.

Yours very truly,

W. F. ESSER,  
CREDIT SALES MANAGER.

WFE/1

A good citizen must have good credit.



A GOOD CITIZEN must have Good Credit. Credit to most of us means the acquiring of something of value without having to pay for it immediately, but it has a more important aspect. It functions today as an economic stimulus to better living and we should safeguard it and conserve it as we do our health.

Nearly sixty percent of the total retail business transacted annually is done on some form of credit. In its modern usage, Retail Credit is divided into two kinds, i. e., the **Monthly Charge Account** and the **Time Payment or Installment Account**. Both have their place in our economic welfare and both are well defined in their use.

We should practice what we preach.



The **Monthly Charge Account** provides the privilege of charging our purchases on one month's bill and paying for them between the **first** and **tenth** of the following month. Bills are due for settlement on the **first** but ten days are allowed as a courtesy and convenience. The **tenth** of the month is therefore the "dead-line" or **National pay day** for retail merchants, professional men and all others who have shown faith in us.

The **Time Payment or Installment or Deferred Payment Account** also has a set pay day. It is either weekly on specified day, or monthly, semi-monthly, quarterly.



Everything in a home can be bought on credit—the house itself, the heating plant, bathroom fittings, furniture, even repairs and alterations. Credit has contributed a great deal to the increased comfort of modern living.

possible on some form of deferred payment. Groceries, clothing, house furnishings, fuel, light, water and gas are all given to us on our promise to pay. The many things that go to make our lives livable are ours by virtue of this right gained through a good reputation. The Dentist and the Physician render their services on credit. Gifts and remembrances to our family and friends are so acquired. The automobile, radio, electric refrigerator, and many other accessories necessary to satisfy our modern desires and maintain prestige amongst our friends are available on credit. And to some of us comes the hour of



Husbands and wives should cooperate with each other.



